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WHAT FOOLS WE WERE

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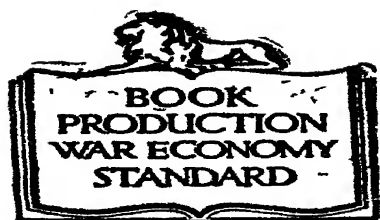
By

Brig.-Gen. Sir GEORGE COCKERILL

*Director of Special Intelligence, 1915-18,
M.P. for Reigate, 1918-31-*

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THIS BOOK IS PRODUCED IN
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To
A.L.

"Oh God, let not this war be fought in vain.
Show us where we failed and help us to bring
Peace on earth and goodwill among men."

(The late CAPTAIN G. V. MICHOLLS.)

"The Empires of the Future are the Empires of the Mind."

(WINSTON CHURCHILL, 6th September, 1943.)

"For they are blest that have not much to rue—
That have not oft misheard the prompter's cue,
Stammered and stumbled, and the wrong parts played
And life a Tragedy of Errors made."

(Sir WILLIAM WATSON.)

CONTENTS

PART ONE

SHADOWS BEFORE

CHAPTER		PAGE
I	A CLOUD OUT OF THE SEA	9
II	GROWING DANGERS	15
III	STANDING TO ARMS	21
IV	NEGLECTED WARNINGS	27
V	THE STORM BREAKS	32

PART TWO

THE LURE OF BLOODLESS WARFARE

VI	THE DIRECTORATE OF SPECIAL INTELLIGENCE	39
VII	THE CABLE AND POSTAL CENSORSHIP	42
VIII	ECONOMIC WARFARE	46
IX	THE FOURTH ARM	54
X	WAR PROPAGANDA AGAINST GERMANY (1915-18)	60
XI	THE FIFTH ARM: A LEAFLET WAR	66
XII	SECRETS OF ITS SUCCESS	71

PART THREE

BUILDING ON SAND

XIII	THE BEST-LAID SCHEMES	80
XIV	IMPERIAL DEFENCE	85
XV	THE IRISH CANKER	91
XVI	THE IRISH TREATY	97
XVII	A FATAL DELUSION	106
XVIII	A SHATTERED ILLUSION	113
XIX	CAUSES OF FIASCO	120

PART FOUR

BUILDING ANEW *

XX	THE PREVENTION OF WAR	127
XXI	THE ORGANIZATION OF INDUSTRY	132
XXII	THE HUMAN FACTOR	140
XXIII	THE ABOLITION OF WANT	145
XXIV	HIGH HOPES UNHORSED	152
XXV	THE NEW WORLD	160
	INDEX	171

PREFACE

IT IS NO USE BEING WISE AFTER THE EVENT. SOONER PERHAPS THAN ANYONE now expects, British statesmen may be called upon to guide this country through the mine-strewn transition from war to peace. They must then reach decisions that may profoundly affect the welfare of the British people and influence the future of the world. They must be wise, now, before the event, and take account of every factor that contributed to the lost peace and the present war. To-day one stupendous event follows another at such bewildering speed that the past tends to be obscured by the overshadowing present, itself, in its turn, so quickly past.

Wisdom is born of experience and reflection: its growth is quickened by vicarious experience. Unfortunately, however, mankind is very insensitive to experience and hypersensitive to mass-suggestion.

It so happens that in a long life already exceeding the allotted span I have watched the great human tragedy of a divided world unfolding almost from its first recognizable beginnings. In this scenario, after a short "induction", the curtain goes up on scenes in which I have myself appeared in minor roles or stood anxiously in the wings or officiated sometimes as prompter, sometimes even as producer. Either because my voice was not loud enough or my views were unpopular or the actors were preoccupied with their own ideas, my suggestions were seldom regarded. In one or other of these capacities, however, I have had opportunities for observation and action denied to the principals, their critics and their audience. In this way I have formed judgments which differ, in some respects considerably, from those offered by others, who have had perforce to play to the gallery.

The story is here presented in four Parts or Acts. The first recapitulates briefly and reinterprets the history of Europe in the fifty years preceding the First World War, some of it by the light of personal experience.

In the second Part, that war begins. While the Navy, Army and Air Force were exchanging blow for blow with the enemy and forcing him to his knees, covertly, under their protection and my direction, new and strange weapons of war, economic and psychological, were being forged and sharpened, and, with them, bloodless warfare was being waged against his material and moral resources. The "diabolical efficiency" of the economic weapon in war is explained and its fatal deficiency in peace foretold and exposed. The full import of this vital distinction is not yet grasped by many speakers and writers, though the failure to make it in the decade that followed the Armistice had wide and baneful repercussions.

The third Part opens with the peace that failed. As a back-bench Member of Parliament I was doomed to stand by while the hopes, on which the country's heart and mine were set, were slowly "faded out" through causes many of them still unrecognized but which, if repeated, will lose the peace again.

In the fourth Part the problems, difficult but not insoluble, which will confront Great Britain, the British Empire and the world in the hour of victory, are discussed and solutions offered through which the force of law may at length prevail against the law of force.

And so the curtain falls upon the Final Act of this Tragedy of Errors. The script is written not in any spirit of barren criticism of the past, but in the deep conviction that civilization cannot survive a repeat performance of this harrowing drama, and in the hope that a younger author may be inspired to write the sequel with a happier ending. Would that I could live to attend its First Night!

GEORGE COCKERILL.

PART ONE

SHADOWS BEFORE

CHAPTER I

A CLOUD OUT OF THE SEA

"PLUS RATIO QUAM VIS CŒCA VALERE SOLET"
(*Reason is apt to avail more than blind force.*—GALLUS)

1

IS THE NEW WORLD, OF WHICH WE HEAR SO MUCH, TO BE RULED BY REASON OR dominated by force? Governed by mind or by matter? This was the main issue over which the First World War was fought. The war was won, but the peace was lost, largely because this, the fundamental issue, was never recognized as the one upon which mankind was so sharply divided. The world had grown so small, so closely interrelated through man's inventive genius, that the activities of all peoples had clearly to be co-ordinated if chaos and anarchy were to be prevented and the foundations of civilization preserved. Somehow, it would seem, the world had to be integrated: was it to be by a few aggressive nations exploiting the rest by force in their own greedy and selfish interests or was it to be by some form of international association, within a wide framework, into which all humanity could be fitted, autonomous nations live at peace and the prosperity of each subserve the welfare of the whole? Was power, in short, to be sought for selfish ends or for the service of humanity?

A somewhat similar conflict was being waged in the inner life of the people. Doctrinaire politicians and publicists vied with each other in discovering all kinds of objects for which, quite unknown to themselves, men had been willing to give their lives. These aims, it strangely appeared, were mainly material. The working classes were led to believe that, in the post-war reconstruction, regard would be paid solely to the multiplication and satisfaction of their material wants, and mankind, burnt on a funeral pyre of its own making, would arise, Phoenix-like, regenerated, rejuvenated and refreshed, its ashes turned miraculously to gold. Within six months of the Armistice came disillusion and grave discontent. This again, they were told, was the fault of the social system, or indeed of everything and everybody except the people themselves, grown aggressively materialist, and the happy alchemists who had promised the Elixir of Life and had no practical idea how to compose it. The catalyst was wanting.

2

The origins of the Second World War lie as deep in the past as those of the First, but some seeds from which it grew were certainly planted while the First was being fought. Are we so sure that the seeds of a Third World War are not being planted now?

Even to ask this question and to endeavour to find the true answer to it may rouse the ire of those who confuse caution with pessimism and regard misgivings about the future as a symptom of mental and moral decrepitude. Such, indeed, was the attitude of eminent writers in the years between the wars who, assuming the role of guide, philosopher and friend to a war-weary world, criticized bitterly the Treaties of 1919-20, yet saw no danger of future warfare. The "war to end war" had been fought and won: nothing that had happened could happen again. The experience of 300 years of our past history could safely be buried. To dig up "this mouldering clay" was the act of a ghoul.

Nothing could better illustrate the temper of those times than the ridicule so generously poured by Mr. H. G. Wells upon military men who dared to express a contrary opinion. In his *Outline of History*¹ he gives a very full summary of a lecture "delivered to a gathering of field-m Marshals, generals and the like," by Major-General Sir Louis Jackson in December, 1919. The importance he attaches to exposing the mental weakness of military men is shown by his devotion of four columns of his history of the world to this amiable task, an amount of space about equal to that given to the seventeenth-century struggle between King and Parliament. "Military men," he writes, "are as a class unimaginative," and again, on the next page, "the professional military mind is by necessity an inferior and unimaginative mind; no man of high intellectual quality would willingly imprison his gifts in such a calling." With inimitable irony, Mr. Wells pictures the fine, grave, soldierly figures intent upon the lecturer's words within the dignified, well-lit room, while outside stands the cenotaph commemorating the dead, and, across the narrow sea, France and Belgium devastated, Germany and Austria starving, and Russia "where no military men are reading essays on the next war". The contrast was perfect.

And, according to Mr. Wells, what pitiful nonsense Sir Louis was talking! This unimaginative soldier "was of opinion that we were on the eve of one of the most extensive modifications of the art of war known to history. . . . It was necessary to develop new arms. . . . The nation which best did so would have a great advantage in the next war. One of the greatest developments would be in mechanical transport. . . . Sir Louis passed to the air. Here he predicted most important advances. . . . In twenty years' time the Air Force Estimates might be the most important part of our preparations for war. . . . He discussed the conversion of commercial flying machines to bombing and reconnaissance uses and the need for special types of fighting machine. . . . There would be countless more aeroplanes, bigger and much nastier bombs. . . . Sir Louis, proceeding with his sketch, mentioned the destruction of the greater part of London as a possible incident in the coming struggle, and his particular audience warmly agreed that the expense entailed was in the nature of an absolutely necessary insurance."

What was Mr. Wells's reaction to this brilliant foreshadowing of coming events by "an inferior mind"? How did his "gifts of high intellectual quality" denied to the soldier, respond to a warning with which no fault could be found except its moderation? It was lucid enough, certainly, for it had given Mr. Wells a remarkably true picture of the next war. "No Utopia," he declared, "was ever so impossible as this forecast of a world in which scarcely anything

¹ *The Outline of History*, by H. G. Wells, pp. 548-9 (Definitive Edition, 1923).

but very carefully sandbagged and camouflaged G.H.Q. would be reasonably safe, in which countless bombers would bomb the belligerent lands incessantly and great armies with lines of caterpillar transport roll to and fro, churning the fields of the earth into blood-streaked mud." And why, in Mr. Wells's considered opinion, why was this military forecast so impossible? It was just a matter of mass psychology, to him an open book, closed to the soldier: "there was no energy and no will left in the world for such things." "Generals," he asserted, "cannot be expected to foresee or understand world bankruptcy; still less are they likely to understand the limits imposed upon military operations by the fluctuating temper of the common man. Apparently these military authorities did not even know that warfare aims at the production of states of mind in the enemy and is sustained by states of mind."

One might have expected Mr. Wells to have heard of the Economic War and the War of Propaganda against Germany, the Fourth and Fifth Arms, as they have been aptly called, both initiated by the General Staff at the War Office and waged by them so effectively, during the four years from 1915 to 1918, that Adolf Hitler devoted whole chapters of *Mein Kampf*¹ to their baneful influence upon the German people. Apparently, however, Mr. Wells did not know what Hitler knew so well and lamented so bitterly. But, it appears, he did know "the chief neglected factor in the calculations of Sir Louis". This was "the fact that no people whatever will stand such warfare as he contemplates. . . . A phase is possible," added Mr. Wells with somewhat sinister emphasis, "in which a war-tormented population may cease to discriminate between military gentlemen on this side or that, and may be moved to destroy them as the common enemies of the race." "The Western populations," he averred, had "fought and fought well because they believed they were fighting 'the war to end war'. *They were*. German imperialism was . . . beaten and finished." Finally, Mr. Wells asserted, "no European Government will ever get the same proportion of its people into the ranks and into its munition works again as the Governments of 1914-18 did. . . . Our world is very weak and feeble still (1920) but its war fever is over." The next "definitive edition" of his History will need revision.

Possibly prophecy should find no place in an Outline of History. No doubt Mr. Wells has already decided to rewrite these pages. He may even have modified his opinion of the intellectual quality of the professional military mind, and probably regrets having pitted his superior gifts against it with such supreme self-confidence. The Muse of History, we must admit, has played a scurvy trick in exposing so sharply the pretensions of one of her most distinguished devotees.

3

There would be no point in recalling this incident unless the moral is drawn. Mr. Wells is singular only in the thoroughness of his discomfiture. To do him justice, he is but one of a long line of too-articulate pacifist intellectuals "and the like" whose political conceptions have lacked contact with reality and whose wishful prophecies have been falsified by the event. To parody Uncle Toby, a man of letters is no more exempt from saying a foolish thing than a soldier.

¹ Translated by James Murphy (Hurst & Blackett, Ltd., 1939). *Vide* Chapters VI and VII.

Politicians are no better, and the cause is not far to seek. As Jeremiah complained, "the prophets prophesy falsely and my people love to have it so." The same view was expressed in different words by a certain Papal Legate when he exclaimed: "the people wish to be deceived; let them be deceived." What the people love to have, they get.

It is well to recall the mentality of the people after the last war, in order to guard against a similar situation arising after the present war. So great was the revulsion of feeling, so inevitable the call for demobilization, that the peace was lost almost before it was won. The whole country shared Mr. Wells's unfortunate view that the war had ended war, that Germany was dangerous no longer and that disarmament might well be immediate and universal. Writing in 1920 in admiration of another of Mr. Wells's psychological essays, Sir Campbell Stuart had referred to it as "a contemporary study of Germany at that juncture when Germany was making her great (and fortunately her final) bid for world-mastery."¹ If the military mind, clogged by the mental habit of centuries, failed to grasp the bright promise of the future, its foolish ideas must be challenged and corrected by those who professed to know better. It is true that soldiers, sailors and airmen had won the war, but why should that save their officers from the ridicule of those for whom they had been ready to die? In earlier days, Bernard Shaw had shown with penetrating wit, in *Arms and the Man* that those who fight are fair game for those who write under their protection, but, like Richard Dudgeon in *The Devil's Disciple*, "never expect a soldier to think." If the literary pen falters, the caricaturist's satiric pencil completes the picture and, ridiculing Colonel Blimp's call for armaments and planes, makes of him a whetstone for any dull fool to sharpen his wits on. This disparagement of the soldier's truer vision is no new thing. Traces of it are to be found in the classics, and in modern times Carlyle may have revived it with his sneer at "the plumed hat". It is, perhaps to a greater extent than we imagine, responsible for the nation's constant unpreparedness for war and consequent involvement in war. It passes by easy stages through aversion from military service to contempt for military opinion and advice. Pacifist in intention, it is thus militarist in effect, since, if military force cannot prevent war, its absence has certainly more than once invited it.

Soldiers, of course, enjoy these humorous sallies as much as anybody even though the wit is salted often with prejudice and sometimes with malice. Is it not conceivable, however, that foreign observers may misinterpret our habit of self-deprecation? May they not take more seriously than we do the biased but entertaining criticisms of those British writers who, striking blindly at the capitalist system, vilify their own countrymen, decry our institutions and apologize for the Empire? May they not thus be led to exaggerate our faults and overlook any virtues we possibly possess? So far as the military art is concerned in particular, may there not be some middle course between deriding the soldiers' abilities and achievements and exalting their vocation into the divine instrument of some mystical cult? Soldiers are not all of one type: like social and Socialist philosophers, some are more, some less gifted. May they not be accepted as just ordinary, average citizens of an intelligence somewhere between that of Bernard Shaw at his best and H. G. Wells at his worst, leaving it to those gentlemen to arrange the order of precedence?

¹ *Secrets of Crowe House*, p. 61.

4

Two of the main factors that brought about the First World War are said to have been the Treaties that were made at the close of the Franco-German and Russo-Turkish wars. But the causes lay deeper though they persisted after those Treaties had been concluded. They may be condensed into one word, Bismarck: the apotheosis of the Prussian idea of *Kultur*, which is the ceaseless quest for political ascendancy by force. He laid the foundations of the German Empire with the defeat of Denmark and the annexation of Schleswig-Holstein, strengthened them cleverly with the "seven weeks' war" against Austria, which arose out of the annexation, and, four years later, assisted by the bellicose unwisdom of the French Foreign Minister, trapped Napoleon III into the fatal struggle of 1870. England could not interfere, Russia was side-tracked, and Austria had not recovered from her defeat at Sadowa. Thereafter, Prussia took the place of Austria as the chief Germanic State, and it became Bismarck's almost sole preoccupation to weld the various German States into the greatest military Power in Europe. That task completed, and Protection adopted as his fiscal policy, it was no great step to dream of sea-power and world dominion. United and exalted by their brilliant successes, the German people indulged in distorted visions of unlimited sovereignty.

The Franco-German war had left France weak but resentful. She had lost Alsace-Lorraine and was without allies. It was obviously Bismarck's best policy to keep her powerless and isolated and at the same time to prevent any *rapprochement* between Great Britain and Russia. In those aims he was greatly assisted by the circumstance that British Ministers were apparently blind to his intentions, while France and Russia, being able to threaten British colonial interests at various points, seemed at first more to be feared than Germany, whose energies until the early eighties were directed to the consolidation of her position in Europe rather than to colonial adventures.

These conditions continued until the exploration of the interior of "the Dark Continent", or in other words Central Africa, inaugurated a scramble among the European Powers to stake out their claims. In this enterprise Germany, having adopted a policy of Protection, was forced at length to compete, or see herself excluded from oversea markets by the action of trade competitors. In 1884, she annexed Togoland and the Cameroons, and from then onwards, on one ground or another, there were constant controversies between her and Great Britain, not only over West Africa but over Fiji, New Guinea, Samoa and Zanzibar. Bismarck took every opportunity to strengthen the position of Germany by embroiling the other European Powers, France with England over Egypt, Italy with France over Tunis, and Russia with England over anything that offered. As, moreover, after the Berlin Congress at which the Treaty of San Stefano was rewritten, Russia, France and England seemed to be drawing closer to each other, he did not scruple to conclude a secret Treaty with Austria directly aimed against Russia. The Treaty of Berlin gave Bosnia-Herzegovina to Austria and failed to satisfy the ambitions of Russia, Greece, Serbia or Bulgaria. It rendered a conflict between Austria and Serbia almost inevitable and undoubtedly paved the way for the Balkan Wars and the final catastrophe that precipitated the First World War.

5

Through all these events Bismarck's one aim was to set his rivals by the ears, strengthening his own and weakening their position. The methods he adopted for these ends were the alternate use of conciliation and intimidation, a cynical disregard for any interests but those of Germany and a skilful but utterly unscrupulous diplomacy. Towards Great Britain he entertained a growing ill-will, the cause of which has special significance. Though admitting some well-concealed personal sympathy with this country, he resented deeply the influence of English ideals on his own countrymen, and especially the "feelings which the terms humanity and civilization, imported from England, rouse in German natives." Germany, true to her psychological type, had no use for altruism.

In this connection it must not be forgotten that Karl Marx had already organized the "First International", and, in 1867, had published *Das Kapital*. British Fabians, like Sidney Webb, Bernard Shaw and others, though they deprecated revolution and repudiated his two main theses, his theory of value and his prophecy of the progressive degradation of the manual workers, were, since 1883, in their revolt against Liberal *laissez-faire* economics, which tended to look upon labour as a mere commodity, flooding the country with Socialist propaganda of a character not likely to appeal to Bismarck or the Kaiser as wholesome food for the German people. The seeds of the ideological war were already being sown.

Animated by a profound belief in personal government and sharing to the full Heinrich von Treitschke's bitter antipathy to our democratic leanings and ideas of liberty, Bismarck had other designs. German Socialists thought to use regimentation for waging a class war: he saw that it could as readily be employed for the unification of Germany by foreign wars. Thus was inaugurated a progressive despotism upon which, later, the Kaiser based his militarist ambitions for world domination, and Hitler eventually reared the hideous edifice of Nazism. But, as the Hegelian philosophy proves, the malignant germ infecting German thought and action had been in the German blood for generations. And did not Professor Arnold Heeren of Göttingen, author of a Political History of Europe written nearly 150 years ago, warn us that a unified Germany would strive to be master of Europe?

6

Liberalism, once the standard-bearer of individualism and liberty, must accept responsibility for much that followed. As Benjamin Kidd foresaw in 1894, in aligning itself with the movement towards regimentation in every form of political and social activity, it had virtually abandoned the principles for which it had fought so long in the past.¹ The field was left clear for totalitarianism, which rapidly crystallized into two sharply antagonistic forms, Fascism or Nazism and Communism. Both aim at the complete and violent subordination of the individual to the absolute State. To both revolution seems the only means to an end, but the nature of the end differs profoundly.

¹ Cf. *Social Evolution*, p. 206.

To the Communist the forced surrender of the individual will to "the dictatorship of the proletariat" is a preliminary, though misdirected, step towards social welfare. Being ostensibly based on the concepts of reason and justice, it can claim some ethical content. To the Nazi, on the other hand, a brutish ruthlessness is in itself a virtue, by which the German hopes to be established as the master race.

Professor E. H. Carr, in his *Conditions of Peace*, has recently analysed the present world crisis as a revolution against the three predominant ideas of the nineteenth century: Liberal democracy, national self-determination and *laissez-faire* economics. But of these only one—self-determination—survives in full vigour in the twentieth century.¹ Liberal Democracy was moribund and *laissez-faire* economics dead. The world crisis is due to deeper causes. It is the revolt of aggressive nations against the growing altruistic humanitarianism which aims at the welfare and brotherhood of all humanity. Rejecting the principle of service that underlies this idea, they oppose to it the incentive of self-interest and self-aggrandizement. Governed by such motives, power is to them the only goal, war a biological necessity and world hegemony the end that justifies every means, however treacherous and brutish. Nazism, it must be noted, is as much a people's movement as Communism. To Germans almost without exception the idea of domination by violence, under a ruthless leader, makes an irresistible appeal. To the Sage of Chelsea "the germ of Christianity itself" appeared to reside in heartfelt hero-worship, "burning, boundless". He ignored a vital distinction: the Christian religion invokes spiritual power for men's individual salvation; Nazi paganism organizes material forces for his mass-enslavement. Is it too late for Liberalism to return to its true principles, liberty, tolerance and personal responsibility? The world has need of such ideals if it is to be finally saved from planned brutality.

CHAPTER II

GROWING DANGERS

"UNUM ET COMMUNE PERICULUM, UNA SALUS"
(*One danger in common, one source of safety.*—VIRGIL)

1

THE LAST YEARS OF THE NINETEENTH CENTURY FOUND BRITAIN MUCH ISOLATED. Russia, by her action in Asia, was causing some anxiety. There was the Penjdeh incident in 1885, and her encroachments in Afghanistan. These were peaceably settled. A little later, she was strongly suspected of designs in Northern India. Here, where the Eastern Hindu Kush and Western Karakorum Mountains unite to form a strong, natural rampart confronting Afghan territory to the north-west and Russian and Chinese Turkestan to the north and north-east respectively, a small party of Russian troops had crossed the frontier, and Captain (afterwards Lt.-Col. Sir Francis) Younghusband, returning the compliment, was arrested by the Russians on the Pamirs.

¹ Cf. *The Rights of Nations*, by C. Poznanski, pp. v, vi, and 44.

These incidents affected me personally. I was then a young officer in the Indian Army, serving on the Headquarter Staff in the Intelligence Branch, and was sent by the Government of India, post-haste, to report on the situation in this almost unknown region, and upon the practicability of the passes and tracks through which it was thought Russian troops might infiltrate unobserved into Kashmir. There, amid a wilderness of giant peaks, stupendous gorges, immense glaciers and icy, unfordable rivers, I spent more than two years (1892-5), alone except for guides and porters, exploring and mapping a country as large as Switzerland but moulded on a far grander scale. There, too, I had the good fortune to make a rewarding discovery. In the Shingshal Valley, which had never before been entered by a European, over the blue-green *séracs* of a giant glacier, towered in the distance a magnificent mountain-mass. When, many years later, its height was taken, it proved to be nearly 26,000 feet. Far up the glacier above the lateral moraine a solitary rose-tree grows beside a sheep-fold, the highest in the valley. This is called Dasht-i-gul or Rose Alp. Its name, slightly corrupted, has been given to the peak which now appears on the maps as Mt. Disteghil.¹

My work was done under Younghusband's general direction. His friendship I enjoyed and from him I learnt much. He was not only a famous explorer, but a saint. His life was a shining example of selfless devotion to the highest ideals. Courage, courtesy, goodwill, straightness and firmness are qualities that win respect everywhere among men: he was richly endowed with all. His name was revered, his influence paramount, throughout this remote frontier region and ensured for me a safe sojourn, unarmed and unescorted, in a country against which we had been fighting a few months before, and among peoples who could be as cruel, turbulent and fanatical as any upon earth. Would there were more like him!

Nothing that I saw confirmed the suspicion of Russian ambitions in this direction. George Nathaniel (afterwards Marquis) Curzon, who after an adventurous journey visited Chitral while I was there, apparently formed a different opinion and from 1894 onwards mistrusted Russian designs. In that year the Franco-Russian Alliance was completed, and thereafter our relations with Russia steadily improved.

2

Unfortunately the same could not be said of those with Germany. The discovery of gold in the Transvaal led to serious friction with the Dutch in South Africa, which, exacerbated by the foolish, ill-conceived and abortive Jameson Raid, culminated in the South African War of 1899-1902. Rhodes, with dreams of a British Cape-to-Cairo railway, was determined to prevent any extension of German territory calculated to frustrate his plans. In this he succeeded, a fact which did not escape notice in Germany. The notorious telegram from the Kaiser to President Kruger offering his sympathy and

¹ Mrs. Visser-Hooft, the intrepid Dutch explorer, who saw it 30 years later, describes it in her book, *Among the Karakorum Glaciers*, as "a vision of ethereal beauty . . . the monarch of mountains." She gives two illustrations of it. Colonel Schomberg in his *Unknown Karakorum* prints an excellent photograph taken in 1934. A short account of my work is given in the *Geographical Journal* for August, 1922 (Vol. LX, No. 2) and the full story in the *Himalayan Journal*, Vol. XI (1939).

alluding to "the support of friendly Powers" gave more than an unfriendly hint that the relations between Germany and Britain had entered upon a new phase. It recalled, too, the earlier differences arising out of Germany's belated colonial ambitions, and focussed attention upon the growing competition of German trade in the world markets. There was, too, the Pacific problem which showed signs of creating trouble in the Far East, not only with Germany but with Japan.

It was not long before there were further proofs of German hostility. In 1896 the German Chancellor approached France with the happy suggestion of a great "Continental League" against Britain. This met with the rebuff that might have been expected while France still cherished hopes of the *revanche* and of the restoration of Alsace-Lorraine. Neither Italy nor Russia were any more favourable to the idea which was, therefore, dropped. But Tirpitz, knowing that Germany was willing to wound but was powerless to strike, saw that "world policy requires sea-power". "The outbreak of hatred, envy and rage," he wrote, "which the Kruger telegram let loose in England against Germany," had opened her eyes to the need for a fleet. He lost no opportunity in the next 20 years of preparing to challenge British supremacy on the seas.

From 1896 onwards the anti-British feeling in Germany was cleverly fanned in order to promote the Navy Bill. The South African War added fresh fuel to the fire. The strength of this feeling was scarcely recognized and never reciprocated in Great Britain. The British people as a rule are too proud to hate. From time to time the voice of reason was heard in Germany. Karl Bleibtreu could see that "every wound that we give the other cuts into our own flesh" and that the advantages of Anglo-German co-operation were mutual. The Kaiser, however, was bent on ruling the waves, his fleet had become an infatuation and Lord Salisbury, though blind to "a danger in whose existence," as he said, "we have no historical reason for believing," saw clearly enough the difficulty of any explicit agreement. Could Autocracy be faithful to any obligation? Could Democracy be pledged beforehand to wage a war which might or might not engage its sympathies? In August, 1914, Germany answered the former question by the invasion of Belgium; the hesitation of the British Cabinet until that invasion had united the British people, the latter. In 1919 America's fatal refusal to implement the Covenant of the League of Nations emphasized this fundamental weakness of Democracy.

3

Germany, intent on creating ill-feeling between Britain and Russia, had more than once suggested to the Tsar a course of action likely to embroil the two countries. One such occasion was when France and Britain seemed on the verge of war over Fashoda. Coming just after the Tsar had astonished the world by taking the initiative in convening an International Conference for the promotion of international co-operation in the pursuit of peace and general disarmament, the suggestion was politely rejected. The Conference duly met at the Hague in 1899. It attained some small measure of success. An Arbitral Court was established from which, however, questions of honour and vital interests were expressly excluded. The world was not yet ripe for the full triumph of reason over force, nor was it explained why such questions alone should be impervious to reason. A project to make private property

immune from capture at sea was opposed alike by Captain Mahan, the American, Sir John Fisher, the British, and the German Naval Delegate, the latter fearing that it might check the agitation for a stronger navy. A proposal to prohibit air warfare was also rejected, Sir John Fisher prophesying characteristically, four years before the historic pioneer flight of the Wright brothers, that British airmen with the help of British engineers would rule the sky. Nothing could be done to limit land armaments since Germany suspected the Russians of a desire to prevent her from increasing her army, while themselves retaining the right to build strategic railways.

The Peace Conference sat till the end of July, 1899, and in October the outbreak of war in South Africa added the final ironic touch to its abortive proceedings. During that war, serving on the Staff in Cape Colony, I was responsible for the administration of Martial Law to three successive Generals, Sir Frederick Forestier-Walker, Sir Arthur Wynne and Sir Henry Settle. In the autumn of 1901, I obtained General Wynne's somewhat reluctant consent to the appointment of a Board to consider complaints of injustice, for I believed that it was to our interest to remove every real grievance and felt convinced that, in spite of every care, some unintentional wrongs would need to be righted. The Board, on which Mr. (afterwards Sir Thomas) Graham and Sir Lewis Mitchell sat with me, inquired into more than 500 alleged grievances of which about 150 proved to be well-founded. The Board inspired a feeling of confidence in the good faith of those whose duty it was to administer Martial Law and, besides redressing several miscarriages of justice, conciliated many who suffered under an imaginary or exaggerated sense of wrong. The constitution of this Board had an unexpected result of great importance. Years afterwards General (now Field-Marshal) Jan Smuts assured me that, in his opinion, if Martial Law had not been administered with such scrupulous fairness and consideration, an insurmountable barrier would have been raised against any subsequent racial reconciliation in South Africa, and a serious situation created on the outbreak of the First World War. Even though General Smuts and men like General Louis Botha, Sir Henry de Villiers and Mr. Merriman were deeply convinced that peace between the two white races was essential to the future prosperity of their country, the existence of festering grievances and unredressed wrongs might have rendered it unattainable.

4

The South African War, the last to be fought mainly by a professional army, taught many lessons. Among others which had made a deep impression on my mind were the incalculable value of a military cable censorship, the insecurity of all existing military ciphers, the necessity for the creation of machinery, ancillary to the censorship, for a variety of purposes, and the need in time of war for strict regulations to prevent espionage and sabotage. The study of all these questions and many others was to be the duty of a Special Intelligence Sub-Division, newly created at the War Office, and, to assist Lt.-Colonel (afterwards General Sir) Francis Davies in that task, orders were given for my recall from South Africa. In the First World War, the sub-division developed into the Directorate of Special Intelligence.

The value of the censorship and the futility of the existing types of cipher were revealed to me by happenings which, with other matters, preferring to

err on the side of discretion, I have hitherto thought it best to keep to myself. They are, however, no longer secret, as they are mentioned in Lord Birdwood's recently published "Memoirs". He relates that, towards the end of May, 1901, General Louis Botha, with a view to the discussion of possible terms of peace, submitted to Lord Kitchener a request that the Dutch Consul at Pretoria might be allowed to meet Smuts, De Wet and himself at Standerton before sending a cablegram to Kruger in Holland. A long cipher message was duly sent. "When, later, this was skilfully deciphered," writes Lord Birdwood, "it showed that the Boer leaders regarded their cause as hopeless and were urging Kruger to make peace." Kruger replied that European opinion thought that the Boers were doing very well and was specially optimistic about Cape Colony. So the war went on. Some months later, just before peace was signed, further communications with Holland in deciphered cipher once more revealed to Lord Kitchener the true position of affairs. All these telegrams were intercepted by the cable censorship at Aden. The cipher used, it was thought, was probably derived from some dictionary. So it proved. By good luck the very first dictionary opened solved it. Thus was impressed upon me the need in a great war for a world-wide censorship of British cables, and for the provision both of more trustworthy ciphers and of an expert staff capable of deciphering enemy ciphers. Thus, too, our first deciphering branch came into existence. In his work on the German Secret Service in the war of 1914-18, Colonel W. Nicolai, its head, observed that "the Russians were the most harmless and clumsy in their code-system. The harm thus done to their conduct of the war was often shattering. On the other hand, the formation and the careful use of codes by the rest of the enemy Powers was remarkable."¹ It is to be hoped that the Russians have learnt their lesson. Nicolai added, however, that, "according to what German scientists found out in war time, it must be taken as certain that no system of ciphers is insoluble in the long run." This, of course, is a depressing thought to those whose duty it is, if possible, to find one.

It is sad to reflect how little use then, as ever, the politicians made of the information provided for them by the ingenuity of the soldier. If Lord Kitchener's proposal for an amnesty to Cape Colony and Natal rebels had been accepted, the South African war could have been ended months before it was, but the Government were all very much opposed to a complete amnesty, considering that "loyalists"—a word which is apt to assume a sinister connotation—had a right to see punishment inflicted upon rebels, and that another turn of the military screw would bring the Republics to their knees. Milner's views on this point seemed to Kitchener vindictive. The soldier saw no point in prolonging the struggle till it should degenerate into uncontrollable brigandage. The civilian, equally anxious to see it ended, regarded all concession as impolitic. Offers by the weak to conciliate the strong are worse than futile: addressed by the strong to the weak, their generosity may often cement a friendship. The soldier, looking far into the future, feared that peace based on the opponent's sheer exhaustion would lead to no real reconciliation and possibly preclude the creation of a united autonomous South Africa within the British Empire, a consummation which seemed essential in the interests alike of Briton and Boer. When, eventually, the end came, the Government agreed at Vereeniging virtually to the same terms as those discussed more than a year before at the abortive Middelburg Conference between Kitchener and Botha.

¹ *The German Secret Service*, by Colonel W. Nicolai, translated by George Renwick, p. 211

5

With the growth of the German Navy, British isolation ceased to be "splendid", and Lord Lansdowne concluded the Anglo-Japanese Alliance, a measure of precaution confined to China and Korea and engaging each signatory to come to the other's assistance if attacked by more than one Power. The Treaty temporarily estranged both France and Russia. It brought to a head Russia's desire to dominate Manchuria and Korea and led indirectly to the Russo-Japanese War of 1904-5. Its provisions were later extended to India and the Far East, and the two participants further agreed to maintain China's integrity and independence and the open door for all nations in that country.

France had watched uneasily the extension of our influence in Egypt and the Sudan; there had been the awkward clash at Fashoda in 1898 and the British reaction to the Dreyfus Affair had roused considerable feeling. This estrangement with France did not last long. In 1904, in return for our support to her claims in Morocco, the Fashoda and other incidents were amicably settled and French opposition in Egypt ceased. This *Entente*, evidence only of our desire to live at peace with all other countries, appeared to Germany in another light. Britain had ranged herself with France and so emerged from isolation. The Kaiser's "New Course", a policy dictated by his commercial and colonial ambitions and the growing lust for world power, threw into sharp relief the conflicting views of Germany and Britain. German trade, it was argued, would be at the mercy of the stronger navy. When the understanding with France and later that with Russia were reached, these peaceful arrangements were represented to the German people as hostile acts, the beginning of encirclement, a threat to their very existence.

To the British people, rubbing their puzzled eyes like a child awaking from sleep in a strange room, this view appeared wholly incomprehensible. An unchallengeable navy was essential to the maintenance of our Empire and its communications. It was purely defensive and could not be interpreted as a menace to the most powerful army in the world. Germany could be building a great navy for one purpose only : to be supreme on sea as well as on land and so attain a world hegemony.

France, Belgium, Holland, Italy and other European countries, all had oversea possessions and yet stood in no fear of the British Navy. On the contrary, it kept the seas free for all. The United States, too, with the annexation of Hawaii and the Philippines, was becoming less isolationist. By mediating between Russia and Japan she had appeared to accept some responsibility for world affairs. Prompted, indeed, by Great Britain, she had adopted the Monroe doctrine, which, excluding Europe and Asia from America, drove their peoples to seek expansion elsewhere. The world had become aggressively predatory in thought and action, yet nowhere except in Germany was any jealousy aroused of the British Navy.

Taking advantage of Russia's preoccupation in the East, Germany tried her best to drive a wedge between France and Great Britain by provocative action at Tangier and demands in Morocco, but succeeded only in cementing the *Entente* more closely. The Algeiras Conference temporarily cleared the air, but the sources of friction with Germany remained, and tension continued. It was soon to become more serious.

CHAPTER III

STANDING TO ARMS

"ARMA, VIRI, FERTE ARMA"

(*Arms, my men, bring arms.—VIRGIL*)

1

IN 1898 LORD CURZON SUCCEEDED THE 9TH EARL OF ELGIN AS VICEROY OF INDIA. He was still obsessed with the fear of a Russian advance in Central Asia and the Home Government soon had occasion to check his aggressive policy towards both Afghanistan and Thibet, which threatened to jeopardize our friendlier relations with Russia. The Cabinet viewed with apprehension, too, his claim to an authority which, as Mr. Balfour said, "would raise India to the position of an independent and not always friendly Power."

It was not long before a further source of trouble arose. Shortly after the conclusion of hostilities in South Africa, Lord Kitchener was appointed Commander-in-Chief in India. He found to his astonishment that, while there were many defects in the organization and equipment of the Indian Army which militated against its efficiency and, in view of the political situation, urgently required attention, every reform he advocated had to be submitted to the Military Member of the Viceroy's Council who, though junior to him in rank, shared with him responsibility for advising the Viceroy and Council in military matters. The effect of this dual control was paralysing. I had had personal experience of the interminable delays resulting from correspondence between Army Headquarters and the Military Department when I was on the Staff in India. My views on the subject were shared by Sir Percy Girouard, who was in touch with Lord Kitchener. Between the latter and the Military Member, Sir Edmond Elles, there was growing friction. Lord Curzon, who, some were inclined to think, saw an advantage in being able to hold the balance between conflicting counsels, especially as he had to deal with such a strong personality as Lord Kitchener's, was all in favour of Sir Edmond Elles's desire to maintain the *status quo*. They were supported by men with great experience of India, two of whom, Sir John and Sir Richard Strachey, published a strong and, having regard to the weight of their names, authoritative indictment of Lord Kitchener's proposed reforms. To this document, entitled *Playing with Fire*, Sir Percy Girouard asked me to write a reply, not for publication, which, since I was then serving on the General Staff at the War Office, would have been undesirable, but for the information of some of those with whom the final decision must eventually rest if, as seemed at one time likely, the painful controversy were revived.¹ Writing shortly after Lord Curzon's resignation, I had no difficulty in showing that the system to which Lord Kitchener had taken exception was indefensible, that no constitutional principle was infringed by his proposals, that there would remain ample safeguards against any abuse of power by the Commander-in-Chief and that economy and efficiency would result. This

¹ Towards the end of 1905, when Sir Henry Campbell-Bannerman formed a Liberal Government, Lord Minto succeeded Lord Curzon as Viceroy, Mr. Morley became Secretary of State for India, and Mr. R. B. (afterwards Lord) Haldane Secretary of State for War.

rejoinder, I was informed, had "served a very useful purpose". Lord Kitchener retained the support of the Prime Minister and the Cabinet, and Sir Edmond Elles's resignation soon followed.

It is doubtful if Lord Curzon ever appreciated that the primary cause of the trouble between his two military advisers was a comparatively recent innovation in the Army system in India by which the office of Provincial Commander-in-Chief had been abolished and general officers commanding the troops substituted. The members of Sir Ashley Eden's Commission, who had recommended this reform in 1879, were under no illusion regarding its probable effect. They felt that, as a corollary, either the Commander-in-Chief or the Military Member must leave the Council, and the then Viceroy, Lord Lytton, saw clearly that to intensify the subordination of the Commander-in-Chief to the Military Member would make his position untenable. He recorded his conviction that the Commander-in-Chief should be the sole Military Member of the Viceroy's Council, since otherwise he would become a mere post office between the subordinate commanders and the Military Department of the Government of India. One officer had clearly become redundant. It did not matter which of them disappeared so long as the title of Commander-in-Chief, for reasons of sentiment and prestige, was retained by the survivor, who must obviously be the senior and presumably the most distinguished officer in India.

Lord Kitchener had clearly reached the same conclusion. His proposals could not, as Lord Curzon and his Council apparently feared, have established a military autocracy. The control of the Governor-General in Council would remain unimpaired, and merely be exercised through a different channel. The safeguards against misuse of power by the Commander-in-Chief would still be ample: his own good sense, the collective influence of the Council, the authority of the Governor-General which can override the Council, and, in the last resort, the veto of the Secretary of State for India and the British Government. Of these only the last could avail, were it necessary to curb the power of the Viceroy. On the other hand, though the Commander-in-Chief could be overridden by the Governor-General in Council, he could no longer be thwarted by an officer of less rank, experience and reputation than himself. He could secure the maximum efficiency with the funds available, and, in the words of the late Sir George Chesney, "consider the business of the Government as a whole, and Army expenditure in relation to the financial condition of Government and to the general policy imposed on him by the Governor-General in Council." In retrospect it would seem that so simple a solution as this cannot sincerely have been opposed on constitutional grounds. As Lord Curzon said, the controversy was unnecessary and stupid. But the stupidity was not Lord Kitchener's. His Indian Army reforms proved invaluable during the First World War.¹

2

During all these years, the soldiers' preparations for war continued. Colonel Davies was busy with plans for the imposition of an Imperial cable censorship

¹ Mr. Winston Churchill in his *Great Contemporaries*, declares that Curzon was right. Lord Birdwood, however, in *Khaki and Gown*, writing with experience as Secretary to the Army Department in 1912 and as Commander-in-Chief 20 years later, testifies that while the old Military Department was "cumbersome and unwieldy" the new Army Department "continued to function smoothly and well." Lord Curzon was, therefore, unquestionably wrong.

immediately on the outbreak of war, while, together, he and I worked on the creation of an improved system of ciphers. The former task involved an immense amount of correspondence with all the Dominions concerned, and consultation with the higher officials of our own Post Office. It also demanded the exercise of great tact and consideration for susceptibilities that might easily have been wounded. For these delicate negotiations Davies proved ideally suited, being supremely patient, careful to avoid the least suspicion of dictation, and anxious to consult every authority whose interests might conceivably be affected. Thanks to these qualities, he was able to prepare an adequate scheme which proceeded steadily without a hitch towards final completion and acceptance.

Another question of censorship had meanwhile been engaging attention in the Special Intelligence Section of the War Office. While the Russo-Japanese war was in progress, the world had been deeply impressed by the skill with which the Japanese veiled in mystery the movements of their fleets and armies. Lord Ellenborough, in the House of Lords, called attention to the dangers lurking in an unchecked dissemination of news and asked that, if legislation were required to control its publication, it should be drafted in peace and kept ready for instant use upon an emergency. Lord Selborne, who had been First Lord of the Admiralty, replying for the Government, emphasized the need for secrecy and the difficulty of the problem. Obviously no government could solve it without the co-operation and collaboration of the Press.

Memoranda on this subject, prepared by the War Office, were approved by the Admiralty, India Office and Committee of Imperial Defence. To assist the country to grasp the nature and extent of the dangers to which the unrestricted publication of news might lead, I was authorized to contribute to *The Times*¹ a communication on the subject. In it was cited a series of historical instances covering nearly the whole of the nineteenth century to prove how frequently the publication of news had caused great detriment to a belligerent. It showed how bitterly Wellington had protested against the publication of information regarding the numbers and even the positions occupied by his army. He complained that Massena knew beforehand all that he had intended to do and went on: "It may be very right to give the British public this information, but if they choose to have it they ought to know the price they pay for it, and the advantages it gives to the enemy in all their operations." There are extracts from Napoleon's letters which clearly show the extent to which he was wont to rely upon British newspapers as an unfailing source of military information.

Examples were given, too, from the war of the American Secession, showing how Sherman's celebrated march through Georgia to the sea, made familiar to the layman through Miss Margaret Mitchell's *Gone with the Wind*, was inspired by information derived from the Confederate newspapers and that information derived from the Southern Press even enabled Grant to send supplies to meet him on his arrival at the coast. Even more striking were examples drawn from the Franco-Prussian War, proving that the German General Staff was indebted to the French newspapers, directly or indirectly, firstly in July, for information of the composition and strategic deployment of the French Army and, secondly, in August, when touch had been lost, for the knowledge of three facts which had a profound influence on later events—Macmahon's concentration at Chalons, his retreat upon Rheims, and subsequent advance towards the Meuse. Within

¹ *The Press as an Intelligence Agent in Time of War* (23rd May, 1905).

a week of the order which changed the direction of the German armies, Napoleon capitulated at Sedan. Other instances showed that the Prussian newspapers at this time were not guiltless, and that in 1898, during the Spanish-American War, the enterprise of the American Press seriously endangered the success of the Cuban Expeditionary Force.

On the date on which this communication appeared, *The Times* published a leading article, observing that one could recognize the difficulty of the problem of Press censorship in Great Britain for reasons which would appeal very strongly to the American people. "We are not accustomed in this country," the leading article continued, "to any form of Press censorship. The very name is abhorrent to our traditions. The British people would quickly become impatient under prolonged ignorance of what their Fleet and Armies were doing, and, if such restrictions as would meet the requirements of the case were to be tolerated, it must be on the clear understanding that the Admiralty and War Office would never withhold information which could be properly disclosed or delay its publication merely to suit official convenience." *The Times* laid down as axioms that the legitimate anxiety of the country to be informed of what concerns it must be treated with all possible consideration and that no restraint should be imposed on the free criticism of past events, nor of those responsible for the action taken; only the premature disclosure, whether wilful or inadvertent, of what is happening or about to happen should be guarded against.

With the reservation that criticism calculated to undermine the confidence of the men in their leaders should be avoided, one could subscribe whole-heartedly to these canons, and negotiations on these lines were opened with the Press through the Secretary of the newly constituted Committee of Imperial Defence. Attempts to proceed by way of legislation failed, however, and the problem, being too difficult for Parliament, was left unsolved. My own contribution to the discussion was a proposal that the Press should censor itself, being merely amenable to the same regulations as other persons in the community. These, in time of war, would obviously be guilty of a grave offence if they communicated to the enemy confidential information of military value, and there seemed no valid reason why the Press should be relieved of responsibility in a matter of such importance. On these lines agreement was eventually reached.

3

By this time most soldiers and sailors had come to consider a war with Germany, if not inevitable, at least possible and even probable. Her attitude towards this country since the conclusion of the Anglo-French agreement in 1904 had been growing more and more provocative. France and Belgium appeared to be equally threatened.¹ Common prudence suggested the wisdom of concerting naval and military staff arrangements with France for mutual support in the event of aggression, and after consulting the Prime Minister and the Secretary of State for War, Sir Edward Grey gave his assent to this course, while Mr. Haldane set to work, none too soon, to reorganize the forces in greater readiness for any eventuality. Experiences in South Africa suggested that, if war came and espionage and sabotage were to be prevented, it would be necessary to enforce in this country regulations similar in character and intention to those

¹ There were many in Germany who thought that she should have attacked France in 1905, and we know now that the Kaiser was prepared to invade Belgium at once in the event of war with England.

issued in Cape Colony under martial law. Since, however, English law does not recognize any equivalent to what, in some foreign countries, is known as a state of siege, and has never contemplated the necessity, in the event of war, of supplementing the Common Law by more drastic powers entrusted to the military authorities, martial law was unlikely to be tolerated in this country. Such powers as might seem to be required would better be conferred by statute and a draft Bill prepared giving the necessary sanction for their enforcement, so that it could be hurried through Parliament on the outbreak of war. I wrote a long memorandum on this subject, and although no immediate action was taken on it, out of the discussion that arose the Defence of the Realm Act, commonly known as DORA, finally emerged, ten years later. It was always my contention that the Regulations should have been a strictly military code, and confined to matters essential to the safety of the forces and the public security, and that it was an abuse of power to impose restrictions on the sale of cigarettes, chocolates, etc., under regulations whose sanction was an Act for the Defence of the Realm. While I have, therefore, sometimes claimed to be the father of DORA, I have hastened to explain, in view of her subsequent conduct, that she was a very nice girl so long as she was walking out only with soldiers, and that it was not till she came under the influence of civilians that she developed into the worthless wench she was afterwards thought to be.

4

After Lord Curzon's resignation our relations with Russia improved apace, but in spite of, perhaps even because of, the Liberal Government's earnest desire for friendly relations with Germany, the tension with that country increased. The *rapprochement* with Russia was one cause of offence, the launch of the first British Dreadnought another, and the offer by the Prime Minister of a reciprocal reduction of armaments was even taken as a threat. On the other hand, Germany had introduced a new Naval Law, was widening the Kiel Canal and accelerating her programme of shipbuilding. In this atmosphere the second Hague Peace Conference met, and I, having been appointed a British military delegate, gained first-hand knowledge of the prevailing feeling. For some months previously, I had represented the War Office on Sir John Walton's Committee, convened to formulate British policy in regard to the various questions likely to be discussed. Most of these were naval questions, the right of capture of private property at sea, the abolition or retention of contraband and the limitation of armaments. Another was a proposal to establish an appellate International Court of Prize. To this Sir Henry Campbell-Bannerman's Government attached the greatest importance. The more this subject was ventilated, the greater seemed to me the danger of constituting such a court in the absence of any accepted code of Maritime Law recognized by the Powers as binding upon their respective Prize Courts and which the International Court would be in a position to apply. There would, I thought, be a grave risk that, on the analogy of case-law in the higher national Courts, the International Court might proceed to create, by judicial decision, a system of Prize Law contrary to British practice, unwelcome to our Admiralty and yet binding upon our Courts. There were many uncertain and even disputed points in Maritime Law, and no uniform practice could be said to exist: to allow the Court itself to resolve the conflict between opposing views would be to invest it with legislative as well as

judicial functions. This warning fell on deaf ears. At the Hague, however, two widely divergent projects for the establishment of the Court were presented by Great Britain and Germany, and though a compromise Convention, presented by the United States, was eventually accepted, it was obvious that the Court could not function unless and until the law on the subject was authoritatively settled. A special conference of Maritime Powers, whose belligerent rights would be most directly affected, was accordingly convened for further discussion. It met in London in 1908, and the Declaration of London, which was an attempt to codify existing Maritime Law, resulted. The Liberal Government sponsored it, but the House of Lords did a useful service by throwing it out.

At the Conference, the limitation of armaments was relegated to the background, but the question of the immunity of private property at sea, proposed by the United States in defiance of the views expressed by Captain Mahan, their naval delegate, at the first Peace Conference, was cleverly turned to account by the Germans, who forgot that they, too, had opposed it on that occasion. Great Britain remained consistently obdurate and incurred much odium in consequence.

5

The course of events at the Hague had fully convinced me that Germany was preparing for war, and that there would be no third Peace Conference. Her God was the God of the Old Testament; ours, though less decidedly, that of the New. With her Might was Right; duplicity diplomacy; self-interest statecraft. There could be no discussion on naval armaments, since that was a question of national honour and dignity, and, in the last resort, of war. Reason had capitulated to Force.

At the Conference there were frequent opportunities of discussing with the other technical delegates the trend of the international political situation. The Anglo-French agreement of 1904 had been supplemented by an Anglo-Russian agreement in 1907. The Kaiser's "new course" had, it was recognized, forged the Triple *Entente* as a weapon of self-defence against the Triple Alliance. A number of casual remarks, overheard, had made me realize that on the Continent a war between France and Germany was thought to be almost inevitable and that Germany was likely to time it for the year 1914 or soon after. Whether the war could be prevented seemed to depend largely on whether Great Britain would be willing to give armed assistance to France and Belgium and, if so, whether she would command sufficient forces to make her readiness to intervene an adequate deterrent. The next five years must clearly be of vital importance as a period of preparation and no time must be lost. About the same time that Mr. Haldane became Secretary of State for War, Lord Roberts resigned his seat on the Committee of Imperial Defence in order to advocate the immediate strengthening of our military forces and in the hope of averting a conflict which our unpreparedness for war seemed likely to precipitate. Coming events were already casting their shadows before. While the expansion of the German Navy was still proceeding apace, it was obvious to men not blinded by political bias that our Expeditionary Force was neither large enough nor well enough equipped to intervene effectively in the event of a Franco-German war. Mr. Haldane had already addressed himself to the urgent task of improving its organization within the limits imposed upon him by "much opposition from his Army Council and the half-hearted support of his Parliamentary friends," as

Lord Haig wrote in dedicating to him a copy of his *War Dispatches*. At the same time Lord Roberts endeavoured to arouse his countrymen to a sense of the danger in which they stood.

About this time there was much controversy over a demand from the Admiralty for more capital ships if the margin of safety were not to fall dangerously low. The Admiralty view was eventually accepted, but the public ventilation of this question was not very helpful politically. In 1909 a further effort was made to induce the German Government to reconsider the question of a mutual reduction of naval armaments. This failed once more. Mr. Haldane's proposals for the reorganization of our land forces had then been published, and shortly afterwards I was invited by the Editor of the *Edinburgh Review*, the Hon. Arthur Elliot, to write an article in explanation of them. Complete liberty in dealing with the subject was promised, provided that conscription was not advocated, since the Government, which included Mr. Winston Churchill, was strongly opposed to such a measure. Though somewhat embarrassed by this restriction, I welcomed the opportunity to show what Mr. Haldane had already done, what remained to be done, and why the half-million of men for whom Lord Roberts was appealing would fall far short of our minimum needs in a war with a first-class military Power.

CHAPTER IV

NEGLECTED WARNINGS

"QUI DESIDERAT PACEM, PRAEPARET BELLUM"

(Who wants peace, let him be ready for war.—VEGETIUS)

1

MY ARTICLE WAS PUBLISHED IN OCTOBER, 1909.¹ IT AFFORDS A CONCLUSIVE answer to the oft-repeated assertion that soldiers never grasped the extent of the effort that would have to be made in the event of a continental war. But it affords proof also that Mr. Haldane had no illusions regarding the nature of his problem.

"The idea underlying his scheme for the reorganization of our land force," I wrote, "is 'not that of a great standing force separate from the people. It is rather that of the people themselves, the nation—yes, the Empire—the Empire organized, not for aggression, but for its own defence, in cases of great emergency. . . . We ought to give to the nation itself an organization, which imperceptibly in time of peace may enable it to come forth in a moment of supreme emergency and support and expand the force that has gone overseas.'² Such is his conception. It is the grand ideal of an Imperial Democracy contemplating no war of aggression, yet conscious that it must stand prepared to fight beyond the seas, if need be, in defence of its existence; and determined, should its vital interests be attacked, that the aggressor shall have to reckon with a united people, trained and organized for war."

¹ "The Land Forces of the Crown, Past, Present and Future" (*Edinburgh Review*, No. 430).

² The quotation is from Mr. Haldane's *Army Reform*, pp. 93 and 105.

It was not Mr. Haldane's fault that his countrymen failed to live up to this ideal of adequate defence with no thought of aggression. The obligation of personal military service was, in days gone by, a cardinal principle of national security. Obscured with the growth of feudalism, which tended to create a military caste, it emerged from obscurity on the Continent as feudalism declined, and would have revived in England but for the disastrous results of the struggle in Cromwell's time between his New Model Army and Parliament, in which, thanks to his attempt to realize "a righteous commonweal of freemen" by means of a military dictatorship, the people learned to loathe the very name of an army. "Military force," I wrote, "was identified with a standing army and came to be regarded as an unalloyed evil, tolerated as a deplorable necessity, restricted to the barest needs of the moment, increased feverishly in time of panic and reduced incontinently in time of peace." Since these words were written, more than 30 years ago, the wheel has gone full circle and much more than full circle.

The effect of England's chronic military weakness upon the peace of Europe has been deplorable. In 1701 and again in 1793 France persuaded herself that she had nothing to fear from a war with England. In 1885 "our numerical inferiority" nearly involved us in a war with France. "Diplomacy without force," I wrote, "is rudderless." Of what use is a velvet scabbard without the sword? "Lack of military force," I continued, "paralyzes diplomacy, invites aggression and prolongs the strain of war. . . . The same monotonous story runs through two centuries of our national life. If history proves anything, it proves this, that, when a nation is content to lag behind her neighbours in military efficiency, her desire for peace will be mistaken for fear, her moderation for weakness, her firmness for effrontery. To live at peace she must command the means for war and if she fails in this obvious duty she will pay in blood and treasure an extravagant price for her parsimony."

2

Some ten years before this was written, Bismarck had declared to Count Paul Wolff-Metternich zur Gracht, who had already spent some years in London as Second and First Secretary at the German Embassy, and was destined to be German Ambassador at the Court of St. James's from 1901 to 1912, that "England would seek peace at any price and would never again rouse herself to a great effort." Metternich did his best to disabuse him of this idea at the time, but himself fell a victim, before his death in 1934, to the same illusion. He then let fall the remark that he left the Conference of Ministers, which met in June, 1909, in the Chancellor's Palace in Berlin, feeling that the die was cast and that sooner or later war with Great Britain would be inevitable. History repeated itself in 1914, and again in 1939, for, on each occasion, it was thought that our desire for peace was bred by fear out of weakness.

Naval force is not enough. "Naval force alone," I wrote, "cannot even complete the destruction of the enemy's fleet, still less can it protect land frontiers or carry war into an enemy's country or bring it to a decisive issue. It cannot win Empires nor hold them." These words recurred to me forcibly when the German Fleet in 1919, having survived till then, surrendered as the result of a victory on land.

"History teaches another lesson," the article continued, "the corollary of the first. At all times in our history, it may safely be asserted, the nation's commanders have fought their wars with inadequate means." As the late Colonel

G. F. R. Henderson wrote in *The Science of War*: "With inferior means Wellington effected as many surprises as did the conqueror of Europe, and it was due only to the inferiority of those means that they were so seldom decisive."

3

"It is not enough," the article continued, "that a nation should command the means for a great war; she must know how, where, and when to apply her force. The cardinal fact writ large on every page of our history is that . . . a resolute offence is the true foundation of effective defence. . . . The striking force, too, must contain the bulk of the military strength of the nation." I instanced the knight, "who, on the eve of Agincourt, wished that the thousands of stout warriors lying idle that night in England had been standing in his ranks," and Henry V's pious, brave and foolish reply. "I would not have a single man more," he said. 'If God give us the victory, it will be plain that we owe it to His grace. If not, the fewer we are the less loss to England.' For lack of those 'thousands of stout warriors' the immediate result of Agincourt was small; with them it . . . would have spared an exhausted country five years of war. Nearly four centuries later, hundreds of thousands of armed men lay idle in England, while Wellington, at Waterloo, standing amid his shattered battalions, watched anxiously for Blücher." Sir William Robertson, in his autobiography, *From Private to Field-Marshal*, records that there were, at the beginning of 1918, nearly a million and a half of men in the United Kingdom borne on the strength of the army, and expresses the opinion that the number was much greater than it ought to have been.

This, indeed, was the third point I made. "The force must be applied abroad. . . . Every successful war that England has waged has been waged abroad, the troops tied to these islands by threats of invasion have had little share in the defence of the nation and their withdrawal from the ranks of the expeditionary forces has paralysed our commanders at the decisive point." In 1941, *The Times* published a telegram from its own correspondent in Ankara to the effect that criticism of the attitude of Turkey or any Balkan Power tends to evoke, by way of retort, the question why Britain with three million men under arms in the home country could only send three or four divisions to Greece and be able to do so only by imperilling the defence of Egypt. The true answer in this case was, no doubt, the lack of shipping and equipment.

4

Finally the essential principles of a sound military system were recapitulated. "These three lessons should sink so deep into our minds as to inspire our actions subconsciously: the first, that to live at peace, we must command the means for war: the second, that this phrase implies the possession not only of naval supremacy, but of an army equal in organization and efficiency and to the fullest possible extent in numbers to the best armies in Europe; and the third, that the field army must incorporate the entire available armed strength of the Empire and be adapted to wage, in the event of our being attacked, a war of offence abroad. Any military system that neglects these cardinal principles is a mere waste of the people's patriotism, energies and substance." "The entire available armed strength of the Empire": these were strange words in those far-off days!

But, as Mr. Wells observes, the professional military mind is an unimaginative mind!

This summary of general principles, to which no more attention was paid than to Sir Louis Jackson's warnings ten years later, was followed by a statement of the country's military liabilities, including our guarantee to safeguard the independence of Belgium, Portugal and Afghanistan and "the moral obligation to assist friendly nations whose policy, even now, is to preserve the peace of Europe." I concluded that our strength must be proportionate to our commitments and responsibilities and that "if the Imperial army is to be equal to the performance of the 'hardest task it may reasonably be expected to confront in time of war' it must embody the Empire's manhood, after providing for the vital industries of the country." The Editor did not like this bald statement. After the word "embody" he inserted the words "a fair proportion of." I went on to explain that obviously the numbers required in war could not be maintained in peace, and that the problem was one of rapid expansion. In this connection the interesting fact was noted that, with rare prescience, anticipating the blitzkrieg, the Royal Commission on Recruiting in 1861, prior, that is, to the wars of 1866 and 1870, expressed the conviction that, owing to increased facilities of transport, the commencement of contests between nations would be more sudden, and their duration more limited, and that consequently it was essential to have the means of rapidly augmenting an army so as to admit of large bodies of men being brought at once into the field. Another Commission in 1867 reported that the existing strength of our army was barely sufficient for its peace requirements and that it could be expanded only by filling its ranks with raw recruits. Warning after warning and nothing done! "Freedom from fear" needed no advocate!

5

The remaining pages of the article, except for a few closing paragraphs, dealt with the history of the various attempts to reorganize our military system and explained in detail Mr. Haldane's proposals. There is no need to recapitulate that explanation. One need only recall Field-Marshal Lord Haig's inscription on the fly-leaf of the copy of his *War Despatches* which he presented "to Viscount Haldane of Cloan, the greatest Secretary for War England has ever had, in grateful remembrance of his successful efforts in organizing our military forces for a war on the Continent." In Lord Roberts's words his system was the greatest step forward which has ever been officially made and it provided the base and the framework of a truly National Army. Field-Marshal Sir William Robertson has written in the same strain without, however, ignoring its defects. The Expeditionary Force was not strong enough; the Special Reserve could not be kept up to strength; the training of the Territorial Force was inadequate and it was not available under the terms of its engagement for service overseas. The fact was, he declared, that the strength and organization of our army were not determined by our liabilities but by political exigencies, the methods of recruiting and finance. Twelve years before, inspired by at least equal admiration of Mr. Haldane's work, I wrote, "What is required is that the Territorial Force . . . should provide the means of training the youth of the country in arms . . . and that . . . it should be capable of rapid expansion and organization, in a great war, into an efficient force available

for service overseas and limited in size only by the calculated requirements of the Empire."

The article concluded with Carlyle's dictum that some Splendour of God must unfold itself from the heart of this huge Democracy if it is not to perish, and with a final prophecy: "But let the statesmen teach the people that numbers, training and organization are in war as essential as courage and high purpose and when the people respond as . . . they will respond to the call of every great statesman who believes in them and trusts them, they will, not as individuals but as a nation, voluntarily consecrate their manhood to the service of the Empire. On the foundations which Mr. Haldane has so truly and faithfully laid they will build an edifice that shall remain for ever a monument to their virtue and to his courage and great patience."

So I wrote. But alas! I had forgotten the condition attaching to the offer made to me when I was asked to write. The Editor took out the phrase beginning "they will" and substituted "they will, as they have done in the past, make every sacrifice that may be required to safeguard the honour and interests of the Empire." It was not admissible even to mention the idea of "national service."

6

Mr. Arthur Elliot's action in revising the final proof of my article gave me no ground for complaint, as it was too long for the space at his disposal. In cutting it, he explained, "I came to the conclusion that some of the expressions directly advocated universal service and that is contrary to the policy of the *Review*. . . . To my mind the situation of this country and the habits and ways of thinking of our people are so entirely different from those of the Continent that it would be a great mistake to take them as an example. . . . Personally I think it will be a symptom of national decadence if we are reduced to providing ourselves with soldiers by threatening to send to prison those who won't serve. I believe *we* can trust, though France and Germany probably could not, to the spirit of our people to provide sufficient fighting material for our necessities in the Army as well as the Navy. . . . If we were not an island and were not Englishmen, probably I should be vehement for conscription in a strong form, but, being *what* and *where* we are, I say *no!*"

In a postscript Mr. Elliot added, "What you say *may* be true that some day a British Democracy may insist upon compulsion. I hope not, but Democracies are much too fond of that 'blessed word compulsion' for my taste; and I hope we shall be able to go on in the old free ways for many a long year to come. After all, as compared with others these ways have not done so badly for us."

These views, given in his own words, may possibly set responsive chords vibrating in many minds. But if we apply the same principle to taxation, their fundamental invalidity becomes apparent. Mr. Elliot, moreover, had failed to grasp, though I had emphasized it as strongly as I could, the point which the Commission on Recruiting in 1861 had foreseen with such imaginative vision, that, owing to the means of greatly quickened communications, a "blitzkrieg" without declaration of war might end a nation's resistance before an island power lacking resources in trained men and material could render any effective aid. Nor is it only the time factor that is so important. Some of the phrases used in 1909 are recognized to-day to be of even greater validity

than when they were written. In July, 1941, Lord Cranborne, Lord Perth and Lord Tyrrell all bore witness to the ineffectiveness of foreign policy not backed by force and of the folly in supposing that diplomacy can ever be an adequate substitute, so long as the world is ruled by force and not by reason. Expanding a saying of Goethe's, we may safely assert that international law is no use to a world that has no power to enforce it.¹

CHAPTER V

THE STORM BREAKS

"SAEVIT TOTO MARS IMPIUS ORBI."

(Unholy Mars rages through the whole world.—VIRGIL)

1

THE WRITING OF THE ARTICLE FOR "THE EDINBURGH REVIEW" HAD MADE ME realize how little prepared Great Britain was to face the growing danger, how gravely Mr. Haldane had been hampered by the obstruction of his own Party and what little chance there was of the situation improving unless the country could somehow be awakened to its gravity. These considerations had a cumulative effect upon my mind, disposing me to abandon my career in the Army, and, if possible, to enter Parliament in order to assist Lord Roberts's efforts towards that end. Every suggestion for the mutual limitation of naval armaments was resented by the Kaiser as "a boundless impertinence and a deep insult to the German people," while the unilateral reduction of our programme of ship construction not only evoked no corresponding gesture from him but was welcomed as an opportunity for accelerating the pace of his own programme. In these circumstances nothing could be done to induce a more responsive attitude, and the race of armaments continued. Reason being in abeyance, there was no alternative but force. It was unfortunate that at this time, when the British people should have had no thoughts but for national security, its mind was preoccupied with a constitutional struggle, its attention absorbed by controversial measures such as Women's Suffrage and Health Insurance, and its unity threatened by Home Rule and political strife.

Early in 1910, a general election took place. The House of Lords had thrown out the Budget, and Mr. Asquith felt compelled to go to the country. The subsequent history of the taxation of land values would suggest that the Lords may have been right in regarding those taxes as ill-conceived, and, in the form presented, impracticable, but they could not have chosen a less favourable battle-ground. I was not in time to take part in the January Election but, being shortly afterwards adopted as Unionist candidate for the Thornbury Division of Gloucestershire, remained for the next twenty-one years enmeshed in Party politics.

The German Emperor had at this time fallen completely under the influence of Admiral von Tirpitz, the fanatical exponent of a policy of naval expansion.

¹ Since this was written, Field-Marshal Smuts has emphasized the same point. "Peace unbacked by power," he has said, "remains a dream." (25th November, 1943).

German Dreadnoughts were being launched in quick succession "according to plan." In my Election address in December, 1910, I expressed the gravest concern at the increasing strength of foreign navies, and urged the maintenance of a supreme Navy. I advocated, too, an approach to Free Trade within the Empire by means of mutual preferences. In my speeches I supported Lord Roberts's campaign on behalf of National Service and expressed myself in favour of six months' compulsory military training for all able-bodied youths between 18 and 21 years of age, without distinction of class or wealth. My Liberal opponent retorted that, "if rich people wanted a stronger Navy, *let them pay for it.*" There was no difference, he declared, between compulsory military service and compulsory military training, and "conscription means and is compulsory military service." The word "conscription" was quite enough, and though the Liberal majority, which in 1906 was 2,130, was reduced by more than half, I could not persuade my opponent or his supporters that any sacrifice was necessary in preparation for a war, for which the country was wholly unprepared. Such was "the spirit of the great Liberal and Radical Administration of the time just before the First World War," the spirit which, we are told, is to give us "the new Britain."¹

2

For the next four years, 1910-14, I passed most of my time in the Thornbury Division, remaining the prospective Unionist candidate until the end of 1918. Feeling deeply that social stability and economic insecurity are incompatible and being anxious to further the genuine workers' welfare by every legitimate means, it was not long before I persuaded my friend, the late Mr. T. B. Johnston, to introduce me to some of my strongest opponents with a view to making my position clear to them. The head of important firms in Bristol, he was an enthusiastic advocate of industrial councils and of the closest possible association of labour with management. Sharing these views, we used to go out together into the Division, voicing the advantage that all would derive from a real partnership in industry for the common purpose of creating social values in a happy and harmonious atmosphere.

On one occasion I was invited to address a Socialist audience at Avonmouth on the causes of poverty and unemployment and responded to the invitation with alacrity, emphasizing the need for greater self-control in more directions than one, and, with regard to unemployment, referring to the chaotic wage-system under which those in the sheltered industries could extort higher money-wages at the expense of those in the unsheltered, and to the effect of high costs in distribution on the wages paid in production. I advocated strongly the decasualization of dock labour and the creation of a regular corps of dockers, an idea which was apparently new to them but well received. It was thirty years before such a scheme was brought into force.

The British Government was still more than willing to reach an understanding with Germany and ready to go a long way to establish friendly relations between the two countries. Germany's continued naval expansion, however, followed by the Agadir incident in 1911, extorted a sharp warning from the Chancellor of the Exchequer, who was reckoned to be the best friend Germany had in the

¹ Sir William Beveridge at the Manchester Reform Club, 17th December, 1943.

British Cabinet. In 1912 Lord Haldane had visited Berlin by invitation of the Emperor, but found the latter bent on securing a pledge of almost unconditional neutrality in the event of a continental war, a pledge which could not honourably be given in face of the agreements with France and Russia. This attitude was in itself somewhat ominous, and it is possible that the more cordial spirit in which German diplomacy was conducting further negotiations in the early part of 1914 may have been a blind. When, however, the Archduke Franz Ferdinand was assassinated at Serajevo, Europe found herself on the brink of a great war, which the German Emperor took no effective action to prevent. On the contrary, he transformed what might have been a local outbreak into a world conflagration, declaring war against Russia and France in turn, and by invading Belgium making Britain's intervention inevitable.

3

As I look back upon the years I spent in the Thornbury Division, vainly endeavouring to convince my countrymen of the imminence of war and the need for military training, I find myself wondering at the strength of Party ties and the mischief inherent in a system which exposes measures calculated to ensure national security to the chance of defeat by persistent appeals to selfishness, ignorance and greed. Indissolubly wedded to the principles of true Democracy, I regard even the most benevolent dictatorship as an instrument of moral degeneracy. I would cheerfully see the abolition of every symbol of class distinction and establish culture and courtesy in place of birth and wealth as the hall-marks of social standing. I would, with equal readiness, scrap all existing privileges, always provided no new privileges were created in favour of those endowed by force of numbers with stronger political power. But Democracy should be worthy of itself. It should cultivate those virtues which it desiderates in others, a sense of justice and of individual responsibility and a spirit of service and self-sacrifice, and it should exorcise from its own character the faults it has denounced in others. And, above all, it must be educated, learn to think for itself and cease to be misled by the claptrap of charlatans. Such a Democracy will realize that in peace, as under the urgent threat of war, military service must, like taxation, be compulsory if it is to be effective, and that while, under a parliamentary system of government with adult suffrage, conscription lawfully imposed is, again like taxation, compulsory in its application to the individual, yet it is voluntary if considered as an act of national self-oblation. It is, moreover, democratic, more democratic indeed than the conscription of wealth by taxation can ever be, since conscription of service can be imposed impartially and fall with equal incidence on all. It has the further advantage that it tends to break, rather than make, social distinctions, and to foster a spirit of comradeship and mutual understanding. In modern war, too, as everyone can now see for himself, men must be highly trained and fully equipped and the need for training and equipment arises from the very first moment. History proves also that it is necessary not merely to be strong, but to appear strong, if aggression is to be avoided and the world convinced of the nation's ability and determination to play a part in its affairs worthy of its history and commensurate with its possessions and responsibilities. These qualities will be needed for many years to come, in collaboration, it is to be hoped, with the United Nations.

4

Why was it that British statesmen, during the years preceding the outbreak of the First World War, failed so signally to read and interpret the signs, so clear to men in the Services, of the coming storm? How did they come to release their minds from such obvious portents? We have seen that already in 1909 Metternich felt that war, sooner or later, was inevitable. One cannot read Lord Haldane's speeches without tracing in them the same fear. The failure of his visit to Berlin in 1912 must have increased his apprehensions, and his anxiety must have communicated itself to Sir Edward Grey, with whom he was on terms of the closest friendship. Even in 1910, when the two elections were fought, it would surely have been possible to give the country some foreknowledge and guidance. At both the Hague Peace Conferences much of the time was occupied in attempting to ameliorate the conditions under which future wars would be waged. But judicial machinery had been created for the settlement of international disputes and some progress made in the effort to control the economic and political forces released by the Industrial Revolution. The very fact that the representatives of some fifty nations had sat down together at the conference table and attained a measure of unanimity in the settlement of international problems was a favourable augury. In 1910, too, both houses of the American Congress had passed, without a dissentient voice, a Joint Resolution authorizing the President to negotiate with other Powers the framework of an organization to preserve universal peace by means of an international naval force. This Resolution, even though cynics have seen in its unanimity merely the expression of a pious opinion, is still well worth remembering, as is William Penn's project of 1693, which re-echoes through centuries of American policy. There were, however, other and stronger forces at work below the surface. The invention of the internal combustion engine had made the world sensibly smaller, bringing into unaccustomed relationship peoples at varying stages of civilization and self-protection and providing opportunities of expansion for aggressive nations willing to afford the cost of mechanical weapons of offence. The real problem then, as now, was to reconcile the predacious aspirations of such nations, dignified as they are by tendentious phrases such as "living room" or "a place in the sun," with the right of weaker nations to retain their territories intact or even to survive as free communities. Such conflicting interests are not justiciable by any tribunal that the wit of man could devise unless its jurisdiction rests upon accepted and effective sanctions. Aggressors, so long as they are allowed to exist, may be discouraged by equal strength or defeated by greater strength: they cannot be appeased by diplomacy nor arraigned before a judiciary unsupported by force. But overwhelming strength could be found in the united co-operation of powerful nations which cherish the ideal of a prosperous and peaceful world, thriving under the protection of international law and order, and who are willing to make the necessary sacrifices to attain it.

5

"The problem of Imperial Defence," I wrote in 1909, "is not an open book that he who runs may read; it is on the contrary a problem of extreme difficulty and complexity, demanding for its solution a profound study of history, strategy

and statecraft. For this study the people have neither the leisure nor the training and must needs form their judgment vicariously on the advice of the soldier, the sailor and the statesman. It is the soldier's duty . . . to weigh carefully the obligations of this vast Empire and to estimate honestly the amount of military force that is necessary to defend its world-wide interests; and it is for the statesman, the 'governing class,' to be a 'teaching class,' not saying smooth things to the people, but taking them fully into his confidence, explaining the dangers that beset the Empire and indicating the means by which these dangers may be avoided." Dr. Nicholas Murray Butler, President of Columbia University, speaking in 1940, said: "During these critical years (1898 to 1914) the democracies have conspicuously lacked the able, constructive and courageous leadership which was so sorely needed. They were allowed to drift on the shoals of disaster." Yes, but until they had learnt to think for themselves and recognize a charlatan, would they have followed any leader, however brilliant and courageous? I seem to hear the echoes of a 1910 election: "if the rich want a stronger navy, let them pay for it." Is it only the rich, then, that need protection for their wives and families, their homes and livelihood? And is it only the rich who are willing to pay for it? On the answer to those questions depend the future of the Empire, of Democracy and of the world.

The British people gave it, with no uncertain voice, in the First World War. To-day, in London, in Coventry, in Birmingham, in Bristol, in every village, town and city in the Kingdom and Empire, they are giving it. The same sacrifices will be asked of them again and yet again unless the devastation wrought by sea and land and air in the present war induces the conviction that the conflicting interests of nations can be settled more profitably by the light of reason than by force. Once this almost self-evident proposition is generally accepted—and fortunately the war in the air is reducing all war to suicidal absurdity—nations can rest free from fear in a world organized for peace. "If," as Mr. Winston Churchill said at Dundee in October, 1913, "if men knew they were secure against any risk of attack, a feeling of calm security . . . caused freer and better relations with other nations." Unfortunately this speech had an effect the reverse of that intended and the German Emperor read into it confirmation of his pet theory that only ruthless maintenance of German interests impresses the English, "never the so-called accommodation, which they only and invariably take for flabbiness and cowardice." Moderation, in a world constituted as in the first half of the twentieth century, was always taken for weakness: it is to be hoped that in a wiser second half it may be accepted as a proof of strength.

6

Not content with deriding the professional military mind, the hasty civilian is apt to suggest that every failure of diplomacy to prevent war is a proof of malignant pressure by the soldiers. "It would be possible," the late J. A. Spender thought,¹ "to write the history of the last six years before the war (of 1914-18) in such a way as to show year by year the increasing power of the soldiers and the diminishing power of the statesmen." This scarcely makes

¹ *Fifty Years of Europe*, p. 414.

sense. The statesmen hold the purse-strings, and fill the political posts by which the armies are controlled. If the soldier usurps power, as he would appear to do in Japan to-day, and may possibly have done in Germany and Austria in the last days before the First World War, it can only be through the incompetence or with the connivance of the civil government. As, moreover, Spender records on the very next page, it was Berchtold, the Austrian Foreign Minister, who, hot for war, refused England's peace offer.¹

Even if the statement is true of those countries, however, it certainly cannot be alleged with truth against the British General Staff. It is common knowledge that, yet again, as at all times in our history, we entered upon the First and Second World Wars with insufficient means. In both wars there were patent deficiencies of every kind, men, equipment and guns, and, in the Second, of tanks and aeroplanes as well. In 1938, the present Prime Minister, who for five years had been lamenting the Government's dilatory rearmament, and no doubt sailors, soldiers and airmen agreed with him, was urging the need to resist aggression, and to take all necessary measures for the defence of freedom. Less than a month before the outbreak of hostilities, a member of the Government was assuring the country that war was not only not inevitable but unlikely. When it came, the nation's unpreparedness was obvious. Clearly the soldiers had not even the power to rouse the placemen to the realities of the situation. There was no lack of warning, nor did it come only from soldiers. In 1914 Sir Eyre Crowe, in 1939 Sir Robert Vansittart, correctly interpreted Germany's intentions and foresaw what was coming. But politicians disregarded the advice alike of diplomatists and soldiers and blindly went their own way. Lord Haldane in the years before the First World War, Mr. Winston Churchill in those before the Second, were honourable exceptions to the general failure to foresee the trend of events. Both endeavoured, by different means and in different circumstances, to secure the strengthening of our defences and the expansion of our forces. Both were flouted or ignored.

What was the cause? Partly no doubt the traditional fear of militarism; partly a pathetic faith in insular security, which faded gradually as the air was conquered; and partly, perhaps mainly, reluctance to face the cost of armaments at the expense of reduced social services. As Mr. G. M. Trevelyan has observed, "there was a movement of public opinion to substitute Social Reform at home for Imperialism overseas."²

Mr. H. A. L. Fisher tells the same tale. "The Liberal Party . . ." he writes, "wanted to reduce expenditure on armaments, and to promote the social services." The same tendency is observable to-day with results that may prove equally disastrous. Underlying all these causes, however, was ignorance. The "governing class" was not a "teaching class." How could it be? The Third Reform Act of 1884 had added more electors to the registers than the two earlier Reform Acts put together; the enfranchisement of the male adult population was practically complete. The "governing class" was now that class which possessed the greatest voting power. Not till 1902, however, can Secondary Education be said to have existed, and Balfour's Act of that date evoked no gratitude but even materially helped to seal the fate of the Conservative Party in the General Election of 1906. Democracy had arrived, but was still uneducated. Neither foreign nor Imperial affairs had the slightest

¹ Op. cit., p. 415.

² *British History in the XIXth Century and After*, p. 427.

³ *A History of Europe*, p. 1,081.

interest for the people. Their outlook, small blame to them, was narrow and materialistic; their thoughts intent upon their own immediate interests; their minds exposed to the dishonest wiles with which those who seek political power have ever beguiled the ears of those able to bestow it. It was the old Demos in a new Democracy and rare material for the demagogue. That era is, I hope and believe, passing. It will not be by such means that the new Demos will eventually be governed. The people were quite unable to sense the danger impending because they had no knowledge of political history and were, as Herbert Bismarck declared Gladstone himself to be, "grossly ignorant of foreign affairs." Had the appeal of wisdom been made to a fully instructed public, it would not have been made in vain, but where instruction was most needed, public opinion was uninstructed or misled.

7

But though, through ignorance, we were unprepared for war, would greater preparedness have prevented it? Probably it would have shortened it: it is doubtful if any action on the part of Great Britain could have avoided it, for Germany was bent upon further conquests.

There are those who foresee, in any system of alliances organized for war, war itself as the inevitable end. Mr. J. A. Spender¹ rightly detects "the influence of fear in the policies of all the Powers." He is deeply impressed by the remarkable fact that "nearly all were driven to subordinate their traditional policies and interests to this dominant motive." But what was the fear? "That the opposing group would be stronger than their own group" is the explanation he offers. Surely the fear lay deeper. Germany did not challenge British supremacy at sea out of any such fear, and it was that provocative challenge that caused Great Britain to emerge from her "splendid isolation" and seek alliances. Nor probably would the alliances in themselves have involved her in the First World War had Belgium not been invaded. The "traditional policies" to which Mr. Spender refers were in fact minor policies. Other motives became dominant when Bismarck became dominant and used his power, first to create the greatest armed force in Europe, then to overawe Denmark, Austria and France, and finally to threaten England with a great and growing fleet. From that moment, with us, all minor policies became subordinate to the one major policy which has governed our action throughout the centuries, to prevent, with all our strength, the greatest military Power in Europe, whichever it might be—whether Spain, or France, or Germany—from controlling the narrow seas that gird the British Isles. There was as yet no realization of the danger that Germany's ultimate aim might be, as it was, world hegemony. That was to come later.

¹ *Fifty Years of Europe*, pp. 411-2.

PART TWO

THE LURE OF BLOODLESS WARFARE

CHAPTER VI

THE DIRECTORATE OF SPECIAL INTELLIGENCE

"NOVUM ET AD HANC DIEM NON AUDITUM"
(*New, and until this day unheard-of.*—CICERO)

1

SHORTLY AFTER THE FIRST WORLD WAR BEGAN, I FOUND MYSELF, BY MERE chance, in charge of M.O.5, later and better known as M.I.5, the Special Intelligence Section of the General Staff at the War Office of which, eight years before, I had been the first head. Who could have guessed that it would expand into a service whose successes in two very different spheres of action were destined to shorten the First World War, and, indirectly, to prepare the way for the Second? Yet so it was. It has, therefore, historical importance, and the story of its activities must briefly be told, so far as they throw light upon past errors and future hopes.

When, in 1908, I relinquished charge of the section, it consisted of two officers and four civilians. When I resumed charge of it, it was not much larger. It contained, however, either as embryos or fledgelings, several organizations which, from their nature, were bound, as time went on, to develop greatly. One was the Service of Military Security, which, under the late Colonel (afterwards Major-General Sir Vernon) Kell, and in close co-operation with the Secret Service, which was also under my direction, was already engaged in detecting and thwarting clandestine activities by foreign Powers, such as espionage and prospective sabotage.

Another was the Imperial Cable Censorship which I had assisted Colonel Francis Davies to plan in close collaboration with the Dominion Governments. So carefully and successfully had he carried out this task that it was brought into full operation at once and without a hitch. Another was the Postal Censorship, which, initiated soon after the outbreak of war, was in its infancy when I took charge of it, so to speak, from the month, and, seeing it through its teething troubles, which were rather severe, had the satisfaction of watching it grow from strength to strength.

These branches, together with the Press Censorship, were originally intended for one purpose only: to collaborate in preventing the leakage of naval and military information. In this they succeeded. Before long they began to exercise functions, the need for which was never even contemplated prior to the war. In consequence of this they increased rapidly in size and in a very few months the personnel had multiplied a hundredfold. For this expansion, apart from the Cable Censorship, not the smallest preparation had been made in the years before the war. No one, it is true, unless gifted with phenomenal prevision, could have anticipated its full extent, for no one could have foretold

that out of the Postal Censorship, which had to be improvised *ab initio*, two other considerable organizations would presently grow. One, the Economic Section of the General Staff, the prototype of the Ministry of Economic Warfare, proved indispensable in waging the Economic War, while the other, the Press Section, played a role of equal importance, conducting the Propaganda War against Germany, bombarding the enemy with a "drumfire of printed paper" from 1915 onwards, and gaining, through the scrutiny of hostile propaganda, an authentic insight into his real and unchanging political motives.

2

Before the war, a section of the General Staff consisted of eight or nine, and a Directorate of 30 or 40 officers. The whole General Staff numbered less than 70. Very early in 1915, my section had reached a total of 95 officers, in addition to which there were a number of examiners and clerical staff, amounting to some 1,200 persons and daily increasing. Sir Reginald Brade, the Secretary of the War Office, emphasizing the absurdity of treating such organizations as the Cable and Postal Censorships as sub-sections of the General Staff, proposed to give the heads of those branches such a position as would enable them to deal direct with other Departments in matters of routine, thus leaving me free to decide the larger questions of policy.

At a much later date I discovered that General (afterwards Sir Charles) Callwell, the Director of Military Operations, would have agreed to a more radical reorganization, since he held that all my branches should have been removed from the War Office and grouped under me, as Director-General, into a separate Department, responsible to a Minister of the Crown, "seeing," as he wrote to me, "how many other Departments of State are, in reality, concerned—Admiralty, Foreign Office, Post Office, to say nothing of propaganda, which is nobody's business in peace-time." Knowing, however, how jealously senior officers are wont to guard their flocks for fear of losing prestige, I put forward a more modest suggestion, to which the Army Council and Treasury at once agreed. I was given "the authority and position of a Director," so as to allow of my "relieving the Director of Military Operations of that portion of his responsibility which covers matters unconnected or indirectly connected with Military Operations," and in April, 1915, was promoted Brigadier-General and appointed Sub-Director of Military Operations and Director of Special Intelligence. Thus the Directorate of Special Intelligence was born.

This reorganization had one unexpected result. Since nine-tenths or more of my work was only indirectly connected with operations, I dealt directly with the Secretary of State for War, or with Sir Reginald Brade or the various Directors on War Office business, and with other Secretaries of State and even the Prime Minister himself on other matters. As a Parliamentary candidate, I of course knew many of them personally, as well as many Members of Parliament, who had spoken in the Thornbury Division on my behalf. Thrown largely upon my own resources, I had to accept responsibility and give decisions in matters of greater and greater moment to the end of the war. In this I was encouraged by Sir Reginald Brade, who realized better than any man the nature of the work on which I was engaged, gave me ungrudgingly the benefit of his wise advice and wide experience, and did everything in his power to make my task easier. To him I owed more than I can express, much more probably than I shall ever know.

3

In 1915 I attended a conference in Paris at which it was decided to establish there an institution known as the Bureau Central Inter-Allié or B.C.I. This was the first official organization created in the war of 1914-18 for the purpose of securing closer co-operation between the Allied General Staffs. The British Section, known as the British Military Mission, was first under the late Colonel Douglas MacEwen and afterwards, in May, 1916, under Clive Bigham (now second Viscount Mersey).¹ It acted as a clearing-house for the exchange of information derived from the Allied Censorships and other sources and known as "Special Intelligence." This included all those matters for which, at the War Office, I was responsible and thus kept me in touch with them on questions of policy. It was also authorized to communicate direct with the heads of all my sections. In this way such services as the Secret Service and counter-espionage, economic warfare, propaganda, and the Cable, Postal, and, to a great extent, the Press Censorships were all centralized in me as regards policy and general direction, and as regards administration and executive action effectively decentralized among the several sections of my Directorate of Special Intelligence. The head of each section was a senior officer of great experience, capable of dealing personally with any question that was the sole concern of his own section. On such matters they were authorized to communicate direct with other Government Departments, an excellent and indeed essential arrangement that greatly facilitated public business. This system—centralization of policy and decentralization of executive action—was the secret of my Directorate's coherence and success, as in my opinion it is of all effective administration. It might with advantage be adopted in the case of Cabinet Ministers, each of whom might direct the policy of a group of subordinate Departments without interfering in their internal administration. If Cabinet Ministers were known as Secretaries of State and the Heads of Departments as Ministers, and the latter made directly responsible to Parliament for administration, but indirectly through the Secretaries of State on matters of policy, public business could be much more efficiently and promptly handled than it is. The Secretaries of State might together form the Cabinet.

The same principle of centralized policy and decentralized administration might well be extended to any international framework that may be constructed at the close of war. In this way the smaller nations, remaining strictly autonomous, might be willing to be associated in regional groups and to arrive at agreed policies in consultation. Unity of direction could thus be achieved without any surrender of sovereignty.

4

Each of my sections, though a separate entity, formed part of a whole and contributed in various ways to a common purpose. They were, in fact, engaged together in the conduct of two separate forms of bloodless warfare against the enemy, economic and psychological, and in thwarting the enemy's efforts to

¹ Lord Mersey, in his *A Picture of Life*, gives an interesting account of his work with the B.C.I.

conduct similar warfare against the Allies. These forms of warfare were initiated, and, except for the pre-war counter-espionage service, the actual weapons with which they were waged were invented, forged and tempered in my Directorate. They achieved such importance that they have been described respectively, though not by me, as the Fourth and Fifth Arms. It is my strong conviction, shared as he has since testified by the enemy, that the collocation of all these services for the greater part of the war under one directing head, ensuring, as it did, combined action for a common purpose, was in itself of signal advantage to the cause of the Allies. Colonel W. Nicolai, in his book *The German Secret Service*, after claiming that the German military intelligence service proved itself superior to that of the Entente, regretfully admits that the results of the economic and political intelligence service "are to be appraised quite differently." The context shows indisputably that he is referring to the Directorate of Special Intelligence, for he quotes at great length from my farewell letter to my staff at the end of the war, and expresses his agreement with the statements there made. In that sphere, he declares, "England took the lead,"¹ and he laments that he "had to struggle against a greatly superior service," a service which he describes elsewhere as "that organization to which they owe their triumphs." Since no system of "economic sanctions" could have been effective without the prior creation of a similar organization, and none could be operated except as an act of war, some account of its structure and functions is essential to a proper understanding of one main but hitherto unnoticed cause of the failure of the League of Nations to prevent a second World War.

CHAPTER VII

THE CABLE AND POSTAL CENSORSHIP

"DUM TACENT, CLAMANT"

(While they are silent, they cry out.—CICERO)

1

THE POSTAL AND CABLE CENSORSHIP PROVED OF THE GREATEST VALUE IN THE First World War in detecting illegal commerce with the enemy, locating the source of his supplies and furnishing practically the only reliable information respecting the destination of contraband. In this way it served as the main armament in the commercial and financial blockade of Germany and proved of incalculable value in the Economic War. Its "diabolical efficiency" was described by Count Bernstorff as "the most awful thing in the world."

The imposition of a cable censorship violates no principle of International Law. By virtue of the International Telegraph and Radio-Telegraph Conventions, the Government had the right to suspend the transmission of all telegrams and radio telegrams to or from or in transit through the British Empire, on notice given in the prescribed form through the International Bureau at Berne. This was done in 1914. The permission given to use British cables thereafter was granted as an act of grace and subject to censorship or interruption or delay in all respects at the discretion of the authorities. In matters of a purely naval

¹ *The German Secret Service*, pp. 231-2.

or military nature, this control had long been recognized as proper, but its extension to commercial and financial transactions for the purpose of restricting the enemy's supplies, though equally justifiable, had not, prior to the war of 1914-18, been so universally accepted as a legitimate weapon although, so far as it shortened the war, it must prove of ultimate advantage also to neutrals. While it might be difficult, and in some cases impossible, to prevent a neutral from trading with an enemy country, there could clearly be no good reason to afford the use of British cables to facilitate such trade. Accordingly, all cables were liable to be stopped if they referred to any transaction, whether in contraband or not, to which a resident in an enemy country was one of the parties, and this principle was applied impartially to British, allied and neutral subjects who endeavoured to trade with the enemy through the medium of British cables. In several cases firms which insisted on doing enemy business were given the option of confining themselves to non-enemy trade or being deprived of cable facilities altogether. This course proved effective and resulted in many cases in a definite guarantee being given to abstain from any business on enemy account and even to abandon all association with the enemy. Such bargaining power proved of great value and I pressed constantly, but for a long time in vain, for its fuller use.

2

In 1915 numerous indications proved that German owners of foreign securities were disposing of them on a very extensive scale with the approval, and probably on the instructions of the German Government. By this means the enemy was greatly assisted in financing purchases in neutral countries, supporting his credit abroad, and moving foreign exchange in his favour, while German nationals obtained funds for investment in their national war loans. Of mails in transit between neutral and enemy countries, some were intentionally dispatched through British territory, some were carried in neutral ships which voluntarily entered British waters and some in neutral ships which did not. Mails in the first category had been censored for many months, and in consequence their number was dwindling rapidly. Those in the second category had also been censored for a shorter period with results of great value, including the seizure of a large number of securities, to the approximate value of two millions sterling, in regard to which there was evidence of enemy origin and the detention of an even larger number of letters containing remittances of various kinds intended for enemy benefit. In view of these substantial results from a partial censorship of mails, I pressed for its extension to those in the third category, which were escaping censorship altogether, pointing out that the failure to examine mails on neutral ships would eventually stultify the efforts of the whole censorship, both British and allied.

The matter was not without difficulty. At the Hague Peace Conference in 1907, we had agreed to a Convention (No. XI) which the British Government had signed and ratified. Article 1 provided categorically that "postal censorship of neutrals or belligerents, whatever its official or private character, found on board a neutral or enemy ship on the high seas is inviolable." There was, it is true, a reservation in the case of a blockaded port, but a much stronger point was that, under Article 9, its provisions only apply if all the belligerents are parties to it. As some were not, it had, in 1916, automatically become null

and void, and moreover, Germany, by sinking ships carrying mails, had clearly violated both its letter and spirit. Unfortunately, Sir Edward Grey had quite recently expressed his Government's intention of carefully preserving the protection afforded to mails by the Convention, but with some hesitation had intimated his readiness to consider a change of policy.

3

In pressing for the right to examine these mails, there was no difficulty in proving the great assistance that would thus be afforded in tracing and destroying enemy trade, or in showing that in itself it would render impossible, or at least precarious, many financial and commercial operations to the conduct of which correspondence or documents are essential, and permit the seizure of valuable securities passing through the post in the interest of the enemy. There were, indeed, in my possession as the fruit of the censorship of mails carried on neutral ships that had voluntarily entered British ports, intercepted letters which proved that the insecurity of postal communication was having a paralysing effect on enemy trade. Obviously, if the actual documents relating to any commercial transaction were forthcoming, proof of enemy destination of a particular cargo could be established with greater certainty and less interference with bona fide neutral trade. On the other hand, the exercise of the right of censorship might conceivably excite so much indignation in neutral countries that the disadvantages of the course might be held to outweigh its advantages, and already the United States were complaining of the detention of mails carried by neutral ships which voluntarily entered British ports. "To be or not to be" was, therefore, a serious issue which had to be faced and in July, 1916, a rather formidable Committee met at the Foreign Office to consider it. It consisted of Lord Crewe, then Lord President of Council, Lord Curzon, Lord Privy Seal, Lord Robert Cecil, Parliamentary Under Secretary for Foreign Affairs, and Sir Herbert Samuel, Home Secretary. Sir Eyre Crowe attended to guide their deliberations and I was invited to state the case for the removal of mails from neutral ships on the high seas for the purpose of censorship. It was not exactly the tribunal I should myself have chosen to decide the issue. As I was well aware, Lord Robert Cecil was, in his anxiety to be conciliatory, apt to be over-sensitive to American opinion. He knew, of course, that a serious quarrel with the United States might have been fatal to us, but was unaware that the American Government, as I had already discovered, was extremely tolerant in judging of measures regarding which they could be convinced that they were being taken solely with a definite military object.

Neither Lord Curzon nor Lord Crewe was likely to be helpful to my cause, and my only hope lay in Sir Herbert Samuel and in Sir Eyre Crowe, who combined a cautious judgment with a resolute will. After much discussion, Lord Curzon asked me bluntly whether my proposal could be justified under International Law, and I replied that it could "with a little dexterity in phraseology." In the end Sir Eyre Crowe and I were asked to put our heads together and see if we could frame a convincing reply to the American note. This, fortunately, we succeeded in doing. Moreover the recently published British reply to an American Note on the same subject, dated 27th December, 1939, was clearly based upon our reply of 1916, since it argues that "reference to the correspondence between the United States Government and His Majesty's Government

in 1916 shows that at that date the United States admitted in principle the right of the British authorities to examine mail-bags with a view to ascertaining whether they contained contraband." In admitting this principle, which the British Cabinet had been inclined to abandon without a struggle, the United States laid securely the foundations of our economic and commercial blockade of Germany, or in other words, of the Economic War.

Since, as already stated, the Hague Convention of 1907 did not apply in 1916, the correct usage regarding mails had to be sought in the law as it existed before 1907. Fortunately, the prior practice was clearly enunciated by M. Fromageot, the French jurist and an accepted authority on International Law, in a report to the Hague Conference, thus: "In the actual state of International Law, the transmission of postal correspondence by sea is not assured in time of war by any serious guarantee. . . . The result is, in point of fact, seizure, opening of the mail-bags, spoliation, in case of need confiscation. In every case delay or even loss is the lot ordinarily reserved to mail-bags travelling by sea in time of war." This dictum was quoted, without disputing its accuracy, by Mr. J. B. Scott, an American technical delegate at the Hague Conference. The preamble to the 11th Convention, moreover, made it quite clear that such guarantees as were intended to be confirmed thereby related only "to commerce of a peaceful nature and business which is unobjectionable." Obviously, without examination, it could not be possible to distinguish genuine correspondence from mail matter containing contraband, or other goods classed as merchandise admittedly liable to seizure. Among the latter class were stocks, bonds, coupons and similar securities, as well as money orders, cheques, drafts, notes and any other negotiable instruments which may pass as the equivalent of money. It may be accepted that, in examining neutral mail, there is an obligation on the belligerent to make such arrangements as will ensure that all genuine correspondence will be forwarded without preventible delay. This, of course, in the war of 1914-18 was my responsibility and accounts for the rapid increase in the personnel of my Directorate, of the necessity for which I had always first to convince the Treasury.

4

On 6th April, 1917, the United States entered the war on the side of the Allies. The previous day I had raised the question of the censorship of mails between America and Northern Europe, and strongly recommended that this should continue to be done in London. The fact of the United States becoming a belligerent removed many difficulties under which my Directorate had hitherto laboured, and Lord Robert Cecil, who had become Minister of Blockade in December, 1916, had no further scruples in permitting a stricter financial blockade by means of the censorship, and was ready to sanction the policy, for which I had long been pressing, of refusing cable facilities to neutral banks known to be actively assisting the enemy in their financial transactions. A year previously I had sent a delegation of censorship experts to Petrograd and had received a very courteous letter from General Belaeff, the Chief of the Russian General Staff, assuring me that he had taken steps to make it possible for those officers to fulfil the task with which they were charged. At the request of the United States Government, conveyed to me by Colonel Lassiter, their Military Attaché, I made a similar arrangement, sending a few officers to New York

under Colonel Claude Dansey to help institute the Censorship. He explained the dependence of the British Ministry of Blockade on information supplied by the Directorate of Special Intelligence and its offshoots, the B.C.I. in Paris and the British missions in Petrograd and Rome, and how necessary it was for the U.S.A. to be associated with us. The result was that the strong economic and commercial pressure which we had been exerting by means of the black-list and in other ways long before the Ministry of Blockade was established, was exercised even more drastically. The Cable and Postal Censorships have been described as the eyes of the Blockade. They were more. They were its long arms, with a punch in either hand.

5

This is not a full history of the Censorships, but only a brief account of those of their activities which, however indirectly, bear upon the question of national and social security. One more may be mentioned. Early in 1918, there were many people, including a few Members of Parliament and men in high position, who, deceived by information of doubtful origin or lacking a sense of proportion, had persuaded themselves that defeatism, which had infected a few prominent pacifists, was rife in this country, that a movement, financed by Germany, in favour of a negotiated peace, was gaining support and generally that the country was on the brink of revolution. I was myself convinced that the precise contrary was the case, but as the prevalence of these views might do much mischief and as, moreover, the Russian Bolshevik Revolution had just occurred, the reverberations of which were felt in every country, I gave instructions for a temporary-censorship to be instituted on letters to the troops in France, and for a special staff to make a digest of their content and a note on the general tone and tenour of them. The examination proved that opinion in the country was then, as now, robustly intent on prosecuting the war to a victorious finish. The women, so far as they referred to the war at all, were minimizing their necessary hardships and exhorting their menfolk to be of good cheer, as "they were all right." Nothing could have been more satisfactory. But in proving that there was not only no suggestion of revolution, but practically no vestige even of discontent, we came near to causing the trouble that was feared. All ranks at first bitterly resented the censorship. Indignation soon died down, however, and inspiring knowledge had been obtained. The Foreign Office was able to allay any doubts that neutrals might have had as to the people's *moral*, and to assure them that labour unrest was confined to an insignificant, if sometimes too vocal minority, and defeatism practically non-existent.

CHAPTER VIII

ECONOMIC WARFARE

"DULCE BELLUM INEXPERTIS"

(Sweet is war to those who have not experienced it.—ERASMUS)

1

THE OBJECT OF THE ECONOMIC WAR, AS THE ATTACK ON AN ENEMY'S COMMERCIAL and financial life has been aptly called, is to deprive him of all commodities

likely to assist him in his conduct of the war, and so to hasten the collapse of his war effort. It is, therefore, strictly speaking a military weapon, using the word "military" in its widest sense. In the present, as in the last war, the Government was slow to realize fully the vital importance of weakening the enemy's economic powers of resistance.

An enemy can be deprived of essential commodities in several ways. One is by stopping their direct entry through his ports. In this task the Navy, assisted by the Air Arm, naturally plays the principal role by intercepting all ships proceeding to these ports. Another way is by stopping his exports, thus making it difficult or impossible for him to pay for his imports by that means. This again is obviously a task for the Navy and Air Force, which intercept ships leaving the enemy's ports. These twin functions of the Navy and Air Force constitute that part of the Economic War which can properly be termed "the blockade," since that term implies the direct action of naval and air forces. Paradoxically it follows that the Minister of Blockade had little to do with the blockade.

It was very soon discovered, however, that it was not sufficient to confine attention to enemy ports: goods intended for the enemy could easily be, and in fact were, diverted to ports in neutral countries from which they were sent to Germany. Fortunately, under the doctrine of continuous voyage, it is not the port of consignment but the final destination of the goods that determines the question whether they can be seized and condemned as Prize. If, therefore, goods found in neutral ships could be proved to be intended for the enemy, the problem would be solved, but there were difficulties over the right of search, and even over what constituted contraband. Almost without exception the shipping documents of vessels captured showed the destination of the cargo to be one of the neutral countries adjacent to Germany, and neutral countries have a right to import for their own consumption. How then could the real destination be discovered and delivery be prevented of goods intended for the enemy?

To circumvent these difficulties various devices were adopted. Societies were formed in Switzerland and Holland to which goods for local consumption were consigned, the Societies' Directors being under an obligation not to re-export them. In Scandinavia, until a better plan was discovered, reliance had to be placed on the word of the importer. Obviously, in either case, some check was desirable on the importers' honesty. How could this be imposed?

An even more ingenious device was adopted at a later stage. Though neutral countries adjoining enemy countries are entitled to import for their own use, if their imports of any particular commodity of great use to the enemy were observed to be much in excess of their pre-war imports, suspicions were naturally aroused. The normal quantity was, therefore, calculated from statistics of pre-war trade and anything in excess of that figure was stopped. In 1916, a voluntary arrangement was effected with shipowners by which cargoes shipped from the United States for Scandinavia were loaded under supervision at the port of lading and, if found satisfactory, a certificate was issued which passed ship and cargo through the blockade without further search. Such certificates, called "navicerts," minimized delay and thus gave a great advantage to the shipper. "Certificates of Origin" similarly facilitated neutral exports. It is obvious, however, that there must be in all such systems opportunities for deception and evasion. How could fraudulent transactions be detected and prevented?

Now the answer to all these vital questions is one and the same: the universal watch-dog was the Cable and Postal Censorship. It was the task of the censors to search for clues to the final destination of cargoes and to produce for use in the Prize Court evidence of their character, and also to detect any failure to observe undertakings and any attempt to evade control. The value of the Censorship for this purpose was not at first recognized. It was an instrument forged for a wholly different object—the prevention of the leakage of naval and military information and the collection of any information that might serve for the successful prosecution of the war. But every one of the means devised, as described above, to counteract the enemy's ingenious subterfuges depended in the last resort on the efficiency of the much abused and misunderstood censors. It is not too much to say that, without this assistance, the efforts of those who administered the Economic War would have been completely stultified. Officials of the Procurator-General's Department and of the War Trade Intelligence Department made no secret of their indebtedness to the Censorship for information the value of which, as they themselves testified, it was impossible to over-estimate. It provided the surest, if not the only means of detecting enemy merchandise carried as neutral goods in neutral ships, and furnished the sole evidence for the Crown in practically every case of contraband brought before the Prize Court.

2

There was, moreover, another direction in which the Censorship proved indispensable. One means of stopping the flow from abroad of material supplies to the enemy is to reduce his power of paying for them, to destroy his trade with his usual customers, and to prevent him acquiring credits for the purchase of goods in neutral countries. The organization of every kind of pressure, financial and commercial, on his business friends and agents to induce them to cease trading with him was an obvious means to this end. If it could be discovered what firms, including, I regret to say, British and allied as well as neutral firms, were engaging in enemy trade and a "black-list" be made of them, it might be possible to achieve this purpose by threatening to intercept also their normally legitimate trade with allied and neutral countries. The censorship of mails gave information of enemy trading and provided the basis for a "black-list." The control by Britain and her allies of all cable communications between Germany, her allies and her neutral neighbours and the rest of the world, gave the power—under the International Telegraph Convention there was already the right—to sever completely all cabled communication between those of her neighbours who might be found to be importing supplies for her use and the countries abroad from which they came. In this respect the Censorship was in the same category with other devices designed to induce neutrals and others to desist from action helpful to the enemy and harmful to allied interests, e.g., the refusal of supplies of bunker coal and of commodities such as jute, of which we had virtually a world-monopoly, to all those who were known to be trading with Germany. All these forms of pressure depended on the "black-list" and the "black-list" was compiled almost entirely from information derived from the Postal Censorship.¹

¹ Dr. Paul Einzig, in his "Economic Warfare, 1939-40," p. 56, mentions the great success with which this system of black-listing was applied in the war of 1914-18.

There was one sphere of the Economic War in which the influence of my Directorate was as paramount as was that of the Navy in the blockade proper. In the attack on the enemy's own trade and credit, the interception of his securities and remittances, the interruption of his communications by cable, post and hand, so far as they were vulnerable, in all these matters the censorship and security services together constituted the weapon most feared by the enemy.

There is, of course, another way in which an enemy's military resources can be reduced, that is, by direct military action. I mention it last because though it is a fundamental factor in the Economic War, it was not a matter in which the Foreign Office was concerned. My Directorate, on the other hand, was, and until the Air Ministry was created, members of my staff indicated to the Air Force the more vulnerable military targets such as particular factories, marshallings yards, warehouses, oil-wells and dumps, as well as the more important railway junctions and other communications.

3

Very early in 1916, I brought together a number of officers who had been dealing with such questions since the earliest days of the war and formed them into a new section, at first under Major Geoffrey Hoare and later under Major the Hon. George Akers-Douglas. It was known as the Economic Section of the General Staff, and its business was to study every source of enemy supply and output and initiate action for its restriction. Among its exploits in this respect, either before or after the formation of the new section, was the initiating of the policy of pre-emptive purchases by buying Italian oranges and North Sea herrings to prevent them being exported to Germany. Shortly after I entered Parliament in 1918, I was much intrigued to discover that a considerable profit resulted from the former transaction. That, however, was not its object. It was obvious that such business deals required a business department to control them, and the Restriction of Enemy Supplies Department, precursor of the United Kingdom Commercial Corporation, was later created for this purpose. Another of my Economic Section's achievements was the destruction of the Rumanian oilfields, which, planned in that section, was gallantly effected by the late Sir John Norton-Griffiths. Another was the elimination of speculative middlemen by means of a Defence of the Realm Regulation proposed by my staff and adopted in 1915 for the purpose of controlling, not so much the actual handling of war material, but all negotiations for its sale and purchase abroad. It had been discovered that as a result of offers made in this and other countries by persons of no substance or of enemy sympathies, prices of products indispensable for the conduct of the war were being raised against the Allies or, worse still, deliveries were being much delayed. This had to be stopped, and thanks to my Economic Section, it was. On one transaction alone one and a half million pounds were thus saved and the *annual* saving to this country as the result of the earlier measures taken was stated by the Ministry of Munitions to have amounted to about sixty millions sterling. Later, many other commodities were brought under the same Regulation, to the consternation of profiteers and even greater advantage to the national finances. It was estimated, indeed, that the sums saved to this country in the aggregate amounted to between 200 and 300 million pounds sterling.

It will be observed that, of the various elements of which the Economic

War may be said to exist, the first, the blockade proper, was the province of the Navy; the second, the interception of enemy goods consigned to neutral ports, was a combined operation in which the Navy was the primary instrument, while the Censorship Sections of my Directorate provided the information on which the goods seized could be condemned as Prize; the third, the pressure on neutral and other traders to cease from doing any business on enemy account, could be effected only on information provided similarly by those sections; the fourth, the direct attack on the enemy's own trade and credit, was an operation in which my whole Directorate co-operated with the Navy, and the fifth, direct military action, relied to a considerable extent on previous study by its Economic Section. It was, too, to that Section that one turned for a knowledge of the effect of the Economic War on the enemy's resources, as evidenced by the quality of his war material and equipment, and in the lowered vitality and *moral* of his troops.

4

There was yet another point at which the influence of the Directorate of Special Intelligence upon the conduct of the Economic War made itself felt. I have already mentioned the establishment in September, 1915, of the Bureau Central Inter-Allié, (B.C.I.) in Paris for the purpose, among other duties, of exchanging information derived from the allied Censorships and other sources concerning commercial and financial transactions on enemy account. The head of the British Mission, as the British Section of the Bureau was called, was an officer who reported to me and maintained the closest touch with all my sections and, through me, with the Trade Clearing House (later the War Trade Intelligence Department), which was itself an offshoot from my Directorate. Although extremely useful in pooling trade information, the Bureau had no power, except indirectly, to initiate action in the economic and financial spheres. Nor at first was there any means of co-ordinating allied policy in those spheres. To fill this lacuna, a permanent Inter-Allied Committee, first mooted in June, 1915, was established in Paris at the end of March, 1916. Charged with the task of strengthening and unifying the Allies' economic action, its duties, broadly speaking, were to promote the adoption of an identical policy with regard to enemy trade, exports, absolute and conditional contraband, rationing of the neutral countries bordering on enemy countries, and the pre-emptive purchase of supplies, and, generally, to prevent all economic and financial transactions on enemy account, and to depreciate his credit. On this Committee the War Office was represented by the head of the Military Mission and the French by M. Jean Tannery, the head of the Economic Section of their General Staff, the former of whom reported direct to me on all these matters, while with the latter I established the closest and most fruitful relations. M. Tannery was afterwards Governor of the Bank of France. He is described by Lord Mersey in his memoirs¹ as "a delightful person, industrious, cultivated and popular—indeed, he had all the virtues," a verdict with which I can wholeheartedly concur. An officer of General Garruccio's economic section of the Italian Staff represented Italy.

In the early days of the war, the blockade was purely a naval operation under

¹ *A Picture of Life, 1872-1940*, p. 279.

the control of the Admiralty. As time passed and the enemy began to import and export commodities by the use of neutral shipping and ports, numerous delicate questions arose between the British and neutral Governments, and these naturally fell to be handled and adjusted by the Foreign Office. It was always a matter for serious consideration whether a particular form of pressure applied to a neutral too rigorously might not cause so much friction and strain our relations to such a dangerous extent as to make its adoption injudicious. In such matters the Foreign Office must have the last word. Commercial and financial interests, too, had to be carefully considered, lest, in aiming at the enemy, Imperial trade and finance might be adversely affected. In this respect the Board of Trade and Treasury had, of course, to be consulted. Thus it came about that, while the administrative side of the Economic War was entrusted to the Foreign Office, a War Trade Advisory Committee was constituted to ensure that the various departmental interests should be fully safeguarded. The head of the Trade Department of the Admiralty naturally represented that department, I was one of the two War Office representatives and there were also representatives of the Board of Trade, the Procurator-General's department of the Treasury and other Departments concerned, as well as the Foreign, Colonial and India Offices. The latter department was represented by Lord Islington, who took a very active part in our deliberations. The Chairman was Sir Francis Hopwood, afterwards Lord Southborough, an Additional Civil Lord of the Admiralty, who was, in fact if not in name, the directing head of the so-called Blockade.

5

As our commercial pressure on Germany tightened, questions of greater complexity arose. Differences of opinion on policy not unnaturally occurred among the members of the Advisory Committee, and eventually Sir Edward Grey, attacked for being too tender towards the susceptibilities of neutrals, and obsessed with the fear of provoking a quarrel with the United States, solved his difficulties in February, 1916, by inducing the Prime Minister to put Lord Robert Cecil in charge of "the whole blockade operation" with Cabinet rank. Lord Robert had been appointed an Under Secretary of State for Foreign Affairs in May, 1915, and in that capacity had represented the Foreign Office on the War Trade Advisory Committee. It was reasonable to link the conduct of the blockade as closely as possible with the Foreign Office, and to place an Under Secretary in charge of its administration, with the object of co-ordinating departmental action and settling larger questions of policy. It was wise only if the Admiralty, War Office and other Departments were fully consulted, and Foreign Office influence not too strongly on the side of conciliating the neutral at the expense of the fighting forces, in whose interests, after all, the Economic War was being waged. To watch against this recurrent danger, the War Office always maintained its right to be consulted before any questions affecting military interests were decided, and it was my duty to insist on the exercise of this undoubted right. Every one of the Departments interested in the Economic War had, of course, many other duties wholly unconnected with its conduct. Since the Minister in charge could not control them, it was his obvious duty to work through and in harmony with them.

Apart from his natural ability, Lord Robert Cecil's qualifications for the

position which he occupied at the Foreign Office derived mainly from family ties and personal contacts. While reading for the Bar, he had acted as Private Secretary to his father, in which capacity he must have had many opportunities of acquiring a knowledge of foreign affairs and of meeting men prominent in official circles. He hated war, but who does not? He mentions in his autobiography that he had never expected war and had very little idea what modern war was like. Being nearly fifty years old, he could not serve, but joined the Red Cross, and went to Paris, where he worked until he accepted office in Mr. Asquith's first Coalition Government. In January, 1916, my first effort to bring together, under one head and with one policy, all those engaged in propaganda, had been defeated largely through Lord Robert's opposition. This was based ostensibly upon his expressed aversion from mass-suggestion as an instrument of war, but I suspected that it was due even more to a constitutional chafing against the necessary compromises involved in collaboration. I feared, therefore, and, as it proved, not without justification, that he might be found equally autocratic when it became his duty to consult the various departments concerned in a common effort to deprive the enemy of his material resources.

The task of directing the policy of a complicated organization whose business it was to wage ruthless economic war against a whole people must have been most distasteful to a man of his moral sensibility. The fact, too, that his chief, Sir Edward Grey, was of similar temperament could not fail to have its influence. He was, however, fortunate in having among those to whom he could turn for advice men of such distinction and experience as Sir Francis Hopwood, Chairman of the War Trade Advisory Committee, Admiral (afterwards Admiral of the Fleet Sir Henry) Oliver, Chief of the Admiralty War Staff, and Admiral (afterwards Sir Edmond) Slade, Chief of the Admiralty Trade Department, as well as representatives of the Board of Trade and other Departments concerned. The War Trade Advisory Committee, moreover, continued to sit once a week throughout 1916.

6

It was my good fortune, too, at this time to be able to turn for advice on financial questions to one who, of all men, was most competent to give it. It can readily be realized that, charged with responsible and delicate duties in the attack on the enemy's credit, trade and commerce, I might easily have found myself involved in serious difficulty, and this chapter, like the "monumental pile" of which Cowper wrote, would but "record the mischiefs" I had done. As it was, I asked for assistance, and both I and my staff received it without stint from Mr. Montagu Norman, who kindly allowed me to draw upon his unrivalled knowledge and wisdom and gave freely of his time in collaborating with my staff. Under his guidance we conducted a financial blockade of the enemy, intercepting and scheduling for the Prize Court securities, instruments of exchange and other documents that could facilitate the transfer of funds for enemy benefit. The value of these by the beginning of 1918 already exceeded seventy millions sterling. I may here mention that the Treasury depended almost entirely upon our assistance in controlling incoming and outgoing securities and the passage of funds from the United Kingdom, while every authority desirous of enforcing a new policy or measure of control turned to us to prevent it being stultified by evasion. It would be tedious to recapitulate

all these activities, but in addition to the Treasury and the Bank of England, our co-operation was sought by the Foreign Office, the Board of Trade, the War Trade and Foreign Trade Departments, the Ministry of Munitions, Restrictions of Enemy Supplies Department, and a host of others, including the Shipping and Food Controllers, the Coal Committee, and, as soon as it was formed, the Ministry of Blockade itself. Nor did we serve the interests of the British administrations alone: we were also able to co-operate in enforcing measures of control adopted by the Allied Governments.

7

My admiration for the manner in which the late Colonel George S. H. Pearson, with the assistance of a highly efficient staff, mostly of his own choosing, controlled the Postal Censorship was unbounded. He possessed a strong personality, an unerring judgment where quick and difficult decisions had to be made, and a remarkable talent for organization. The Cable Censorship under the late Colonel A. G. Churchill seconded his efforts with equal zeal, but the bulk of the work of detecting evasions of the regulations fell upon the Postal Censorship, if only because, cabled or wireless messages being, to save expense, much abbreviated and often difficult to interpret, the information to be derived from them is generally incomplete. In postal correspondence, on the other hand, the writer furnishes a more detailed explanation of the transaction on which he is engaged. The amount of mail matter examined during the war was over 600 million postal packets, of which more than one and a quarter millions were detained on the ground that their transmission would have assisted the enemy's naval and military forces, increased his financial or commercial resources or furthered his campaign of propaganda. When it is realized that the failure to detect an imprudent entry in a sheaf of re-insurance bordereaux might betray a sailing-date and lead to the sinking of a liner, while the improper detention of an important document might hold up an essential cargo or gravely damage British or allied trade interests, the responsibility resting on the censors can well be imagined.

Writing at the end of the war, I referred to the "unflagging attention, meticulous accuracy and acute judgment" displayed by them in their irksome and monotonous task. Owing to the reticence imposed upon them during the war regarding the nature of the work on which they were engaged, its value, viewed as a whole, was never appreciated fully even by themselves, still less by the general public, and least of all, as I have since learned from his autobiography, by the Minister of Blockade himself. And yet their work was essential to the prosecution of the Economic War. The staff devoted to those tasks numbered at first but a few hundreds, and at the date of the Armistice had increased to 5,250, but they paid for themselves twice a hundredfold. This speaks for itself. If further proof were needed, it could be found in the evidence of the Procurator-General's Department that the utmost difficulty was experienced in dealing with contraband cargoes intercepted in the first six months of the war, when the Censorship was in its infancy.

That no mistakes were made by the Censorship it would be too much to expect, but that, on the whole, its duties were performed with a nicely balanced regard both for the interests of the forces and the rights of neutrals can be inferred, on the one hand, from the number of packets detained, and on the

other, from many unsolicited but gratifying tributes from foreign traders. It could, I think, be claimed that the British Postal Censorship was as much a friend to the innocent neutral as a terror to those guilty of assisting the enemy.

I was in constant touch with M. Tannery in matters concerning the Blockade, and since the Cable and Postal Censorship, the contra-espionage service, with its examination service at the ports, and the Economic Section of the General Staff were all under my immediate direction, it will, I think, be conceded that my Directorate was playing no inconsiderable part in the Economic War and that I myself had reason to be profoundly interested in all the enemy's subterfuges and all the devices adopted by the Allies in order to circumvent them. My interest dated from the time, long before the Blockade Department existed, when the Censorship was first seen to be an indispensable instrument for the efficient conduct of the Economic War. Although, in that province, its value was second only to that of the Navy, it is necessary to insist strongly that practically all such services as it rendered, important as they were, depended ultimately upon sea-power and could not have functioned without that sanction. None of the methods by which the "Blockade" was enforced could have been adopted in time of peace and all were essential to effective economic pressure. Without them "Economic Sanctions" could but prove a snare.

CHAPTER IX

THE FOURTH ARM

"QUOUSQUE TANDEM ABUTERE PATIENTIA NOSTRA?"
(*How far will you abuse our patience?*—CICERO)

1

LORD ROBERT CECIL, ENTERING THE FOREIGN OFFICE AFTER THE BLOCKADE HAD been in operation for many months, and becoming at once deeply involved in important and delicate questions of policy in the history of which he was not versed, could have had no time to make himself acquainted with its machinery, nor apparently did he ever realize how complicated that machinery was, how extended its ramifications and how helpless his Ministry would have been without it. He mentions in his autobiography¹ that at first the organization of the Blockade "was very complicated, without any directing chief, and distributed over several Departments, such as the Foreign Office, the Admiralty and the Board of Trade, while other offices like the Treasury and the War Office occasionally intervened." Actually, the War Office, like the Admiralty but not so obviously, was intervening every day continuously and effectively, and, owing to the military importance of the Economic War, always maintained its right to be consulted on questions of higher policy. In view of the susceptibilities of neutral States, the claim of the Foreign Office to the last word, if the two departments differed, was never questioned. As, however, any serious failure on the part of the Government to exercise the powers at its disposal might prove very detrimental to the interests of the fighting forces, the War Office could not disclaim responsibility. For these reasons, it was clearly my duty, with due regard to neutral rights, to use such influence as I could command

¹ *A Great Experiment*, p. 43.

on the side of exerting ever greater and greater pressure on the enemy, while the Foreign Office, in its proper regard for neutral interests, was naturally, as a rule, the drag on the wheel.

In May, 1916, for example, the Belgian Relief Commission (C.R.B.) over which Mr. Hoover, afterwards President of the United States, presided, proposed to increase supplies to the occupied areas to such a dangerous extent that Lord Islington was of opinion, and I agreed, that the matter should be considered by the Allies as a question of high policy at a Conference at which the Naval and Military authorities should be represented. From its inception in October, 1914, the C.R.B. had been allowed to import foodstuffs more or less at its own discretion. In December, 1915, however, the Admiralty drew attention to its large shipments, and Sir E. Grey wrote to the Commission demanding that the Germans should cease from depleting native foods and livestock, and declaring that the programme of rationed supplies about to be fixed would be final. After further correspondence, however, the "final" ration was largely increased, a strange decision in view of the fact that the Germans were continuing to requisition foodstuffs and livestock, and thus gaining a substantial military advantage, as Mr. Hoover himself admitted. The Commission explained certain large imports as due to the shortage of fish, though there was plenty of Norwegian fish available, which would certainly go to Germany if not bought for the Belgians. I accordingly suggested to Lord Islington a scheme for the purchase of supplies for Belgian relief from Holland and Scandinavia. This he mentioned to the late Mr. R. McKenna, then Chancellor of the Exchequer, who, he informed me, was strongly in favour of it and had written to Cecil commending it. Sir Francis Hopwood, the Chairman of the War Trade Advisory Committee, assured him, too, that the Foreign Office was disposed to adopt some of the administrative suggestions made in a memorandum of mine on the whole subject, but almost in the same breath had to announce an alteration in the Committee's status, abolishing its right of direct approach to the Cabinet.

A month later came the successful struggle for the right to remove mails from neutral ships, to which I have already referred. A little later still, after consulting the Treasury, I gave orders to destroy the Rumanian oil-fields. It was by this time clear that the usefulness of the War Trade Advisory Committee was gradually waning, and when the Ministry of Blockade was formed I pressed for the Committee's reorganization, with a corresponding revision of its terms of reference. Much swollen in size and shorn of all real power, it was rapidly becoming a mere debating society. It had ceased to decide the larger questions of policy. To restore its usefulness I put forward certain recommendations and, by the end of February, 1917, had succeeded in getting a sub-Committee appointed to examine them. On this I served. It was agreed to report in favour of the enlargement of the Committee's terms of reference so as to cover all such problems of the Economic War as affected more than one Department. This report the Grand Committee accepted.

2

On 6th April, 1917, the United States entered the war, and I became at once immersed in advising American officers upon the machinery which they would have to create in order to handle such questions as those with which my Direc-

torate dealt. The entry of the United States into the war obviously provided an opportunity of tightening the Blockade, and, early in July, M. Tannery came over from Paris, with the object of settling a definite policy in regard to Denmark, Holland and other neutral countries bordering on the Central Powers, and also to improve the means of studying economic conditions in Germany. We found our views to be identical, and he returned to Paris completely satisfied, having seen the Blockade Minister and obtained his agreement not only to the principles of the suggested policy but also to a definite programme for action.

In the meantime the main purpose for which the War Trade Advisory Committee had been reconstituted was not being achieved. The Grand Committee seldom met, and co-operation between the Blockade Ministry and the War Office remained far from perfect. Within a few days of its creation, for example, the Ministry protested against Military Attachés in neutral countries adjacent to Germany being invited to indicate ways in which the blockade of the Central Powers might be made more effective. To me, to whom sensible suggestions from any quarter were more than welcome, this attitude was frankly incomprehensible.

For the purpose of enforcing a more stringent "financial blockade," I had long been advocating the withdrawal of cable facilities from all banks in neutral countries which were proved to be actively assisting the enemy. Faced with a threat to this effect, one important bank at once decided to give up all such business. I was very anxious to extend this method of control but failed to obtain approval of the policy advocated. The day after America entered the war, however, it was adopted in the case of neutral banks in Europe and Latin America, and, a few months later, the Chief Cable Censor informed me, much to my surprise, that he had been directed to go much further, and to stop all commercial cablegrams to and from a particular neutral country. This decision had been reached without consulting me, in spite of the fact that a few weeks earlier both the Admiralty and the War Office had, for reasons vitally important, strongly deprecated any action being taken that would disturb our relations with the country in question. I believe this to have been the only occasion on which the Blockade Ministry "cried 'Forward'," while the Service Departments "cried 'Back'," and the incident was, to say the least, disconcerting. More than once, too, decisions on matters of blockade policy on which the War Office should have been consulted or of which we should at least have been promptly informed reached us indirectly through the French General Staff.

Such questions in which the interests of more than one Department were concerned should, of course, have been discussed at a meeting of the War Trade Advisory Committee, and, as Macaulay wrote, "Men are never so likely to settle a question rightly as when they discuss it freely." The Blockade Ministry, however, may have been ignorant of the correct procedure and preferred to come to a decision untrammelled by extraneous advice. That I was not alone in foreseeing the effect of this attitude was clear when a meeting was called by a colleague of high rank, at which it was decided to ascertain definitely whether business was to be sent to the Committee for its consideration or not. If not, it might be as well, we thought, to dissolve. Whatever the cause, the Committee had lapsed into a condition in which it was just strong enough to shield the Ministry from criticism but too weak to insist upon a virile policy towards a pampered neutral.

3

In September, 1917, there appeared in *The Times* a contribution from a correspondent, to me unknown, which, though not inspired by me, faithfully represented the view that I had been advocating since the beginning of 1916 or even earlier. "We are," said the writer, "absolute masters of the cable communications of Germany, of her allies, and of all the near-by neutral States through which she and they have been drawing supplies. What use have we made of our power? . . . Legally and morally, at any moment we choose, we have the right and the power to cut off completely all cabled messages that pass between Germany's neighbours who are feeding and supplying her and the countries overseas from which they draw goods and products. It is doubtful whether at any time we could have reinforced our naval 'blockade' more effectively than by exercising this right."

Contrast the above with Lord Robert Cecil's statement in *A Great Experiment*. "Then we controlled," he says, "all the submarine cables and this enabled us to establish a censorship of messages which dealt with German trade. This, also, was, in my judgment, of comparatively little value from a Blockade point of view and was a very sore point with the Americans."¹ Such was the boggy as it appeared to him. In the early days of the war, however, I had had an interview with Mr. Page, the American Ambassador, in Sir E. Grey's room, at which, upon this very question of cable censorship, he had shown himself to be eminently reasonable. Lord Robert Cecil apparently never grasped the fact that we had every right to stop cables and that to censor them instead was in itself a concession.

It is clear that, but for the continuous pressure of the Economic Section of the General Staff, there would have been no commercial and financial blockade of Germany in the First World War, but only the arrest by naval action of ships carrying contraband and the limitation of imports into neutral countries by arrangement with their governments. Nor would it have been possible in most cases, for reasons given above,² to produce sufficient evidence to convince the Prize Court of the enemy origin or destination of the goods seized.

4

The Times correspondent went on to describe clearly and concisely our control of cables and mails, the extremely efficient intelligence service we had created and the knowledge derived therefrom of Germany's war-time trading methods. He then stated, as a bald fact, that we had not used our powers to the fullest extent, and proceeded to frame a serious charge. "The great bulk of Germany's oversea trade," he declared, "has been carried on not merely with our connivance but with our assistance. Our censorship of the cables has been conducted more with an eye to neutral susceptibilities than with an eye to preventing goods from reaching the enemy. It has been too much of a political and too little of a belligerent censorship." This unfortunately was true, but it was by no fault of the War Office. The "Fourth Arm" was too often in a sling.

¹ *A Great Experiment*, pp. 42-43.

² *Ibid* p. 53.

Although the United States had entered the war in April, yet even by November no common policy had been adopted for the purpose of tightening the Blockade. Is it any wonder that the Economic Sections of the Allied General Staffs chafed a little at the leisurely negotiations? More than a year earlier, in September, 1916, Lord Robert Cecil, as he proudly records in his Autobiography, had taken the first step in his advocacy of a League of Nations. Regarding some "sanctions" against an aggressor as essential, he looked to the severance of all commercial and financial intercourse with the wrongdoer as the best instrument for exerting pressure. This, be it noted, was the sphere in which my Directorate was practically the sole executive instrument, yet I was not consulted nor even informed of the proposal. In urging the United States to make full and immediate use of the economic weapon, among the arguments adduced were these: that the best hope of effective action by a League of Nations in the future lay in economic pressure, which would be the more effective the more its powers could be demonstrated in the present; that there was a very strong case for using the economic weapon vigorously as a means of shortening the war, and that the Black-List was a very valuable instrument for this purpose. At that time, Lord Robert Cecil must have approved these arguments, and two days later he testified in writing that "the work which they (the censorship in general) are so admirably performing is of the highest national interest and contributes in a very large degree to the satisfactory working of the blockade." The more surprising, therefore, is the lapse of memory which leads him to state in his autobiography that he doubted if "black-listing" was of "real use" and judged the censorship of German trade messages to be of little value. Fortunately he did not communicate any such doubts to the American Government, who, as he says, "dealt with the 'black-listed' firms far more drastically than we had done."¹ They certainly did. In the present war, moreover, both the United States and the British Government are making the fullest use of the Proclaimed and Statutory Lists to tighten the commercial and financial blockade of the enemy. If, as Dr. Paul Einzig has asserted, the last war was won largely as a result of economic warfare, the credit must be given mainly to the Navy and the Economic and Censorship Sections of the General Staff at the War Office.²

5

In strengthening our stranglehold on Germany's overseas trade, the War Office had no desire to ride roughshod over neutral interests. Nor was there any wish to dethrone the Foreign Office, or enthrone the War Office in its place, or see them both "sit, two kings of Brentford on one throne." Our attitude can best be explained by repeating the purport of a conversation which took place on one occasion when a letter was brought to me from an official, then on his way to Italy to create if possible a stronger blockade organization in that country. He proposed to draw the Italian personnel from military sources rather than from the Foreign Office. I expressed the view that the ultimate control should rest with the Foreign Office, but in close collaboration with the

¹ *A Great Experiment*, p. 42.

² "The British blockade won the war," declared Mr. G. Bernard Shaw (Preface to *O'Flaherty, V.C.*).

executive departments concerned, and that it would be better if that department were to carry a "self-starter" rather than rely on a military chauffeur to crank up the shaft. At that moment a high financial authority, who had had much experience of the Blockade organization work, called with reference to a letter I had written to him on the need for the unified control of allied purchases in Spain. He challenged the view I had just expressed, saying that, while it was doubtless correct in principle, "the enforcement of the Blockade in this country had been greatly facilitated by the intervention of the military authorities in all the larger questions of policy." He thought that had the Foreign Trade Department, which was created early in 1916 in order to administer the "Statutory List," been subordinated to the War Office rather than to the Foreign Office, stronger and earlier action would have been taken to control exchange transactions beneficial to the enemy. He agreed with me, however, that no measure could be taken to enforce the Blockade that did not involve the risk of estranging neutral Powers, and that therefore the Foreign Office should have a controlling voice in all such questions.

6

During the summer of 1918, M. Jean Tannery was, to the dismay of all who had been associated with him, relieved of his post as head of the Economic Section of the French General Staff. Every effort was made to have the decision reconsidered, but in vain. His loss was immeasurable. His own chief, in a note recapitulating his services, declared that it was not too much to say that so far as the Blockade was concerned, his was the initiative in every measure taken against the enemy by the French. Their postal censorship, Black-Lists, financial blockade, co-operation with the Allies, and, finally, even the creation of the French Ministry of Blockade itself, all owed their origin to him. Expressing his thanks for the sympathy shown to him on his retirement, he wrote me a charming letter, referring in feeling terms to our long and close collaboration, reminding me that the Bureau Central Inter-Allié was the first allied "*organisme*" of the war, planned in May, 1915, created in September, and declaring that he would never forget that first Conference at which he and I had together laid down the principles of a fruitful idea regarding which his only regret was that it had not matured as early and as completely as it might. He gave me undeserved credit for having contrived to get many of the measures he had advocated carried into effect, through inducing the British Government firstly to adopt them and next to press the French Government to follow suit. I have, I must confess, little recollection of these successes.

7

Before concluding this chapter, I will mention very briefly one or two tributes from the enemy. The first, written in 1916, is evidence of the important results that followed the interruption of postal communication between Germany and the outside world. The writer observed that, while the demand for foreign exchange was rising daily, offers were declining *pari passu*, and that the seizure of mails, having made the sale of American securities impossible, had aggravated the situation, and had had the effect of closing to Germany the New York

money market, the most important so far as she was concerned. A further consequence was that her internal demand for payment on neutral limitrophe countries could not be fully met, that the Army's requirements in the way of foreign exchange at increased rates made serious inroads upon her available credits, and that it was essential drastically to restrict purchases abroad. Unless, therefore, she could materially increase her exports, the demand for foreign exchange would soon go unsatisfied, and the purchase abroad even of urgent military requirements would be difficult or impossible. Loss of confidence in German currency would inevitably ensue with further disastrous results upon her rates of exchange.

A similar tribute was paid to the effect of the examination of mails carried in neutral ships bound for Portuguese East Africa. Goods intended for German East Africa were then discovered and seized with the result that the Chief Censor at the Cape wrote that he had stopped forwarding special reports, because "the truth is that through the British Censorship examining these mails, German machinations were completely broken up and all illicit trade with German East Africa stopped."

Hundreds of further examples could be given, but one more will suffice. A German in Central America wrote home to his father of the crippling effect of the British Censorship upon his business. "Apparently," he said, "the whole mail is being seized by the English. For six weeks I have had no business letters from Germany. Everything is upside-down. Where Bills of Exchange are concerned, it is very unpleasant. I have lately sent 30,000 Marks or more to Germany but never know whether they have been received. Usually, I have sent remittances through New York, but my representatives in New York now regret that they could send no more Bills of Exchange to Germany. Whatever the English want, they get, for the whole postal communication with Germany is completely upset. At this moment I have a consignment lying idle, but I have received no invoices and no Bills of Lading. These are the difficulties we have to fight against. *I only hope it will not be long before peace is in sight.*"

These tributes are sufficient, I think, to show that the Censorship was an indispensable instrument of economic warfare, and in importance second only to British sea-power. It seems, in the present war, to have lost none of its value.

CHAPTER X

WAR PROPAGANDA AGAINST GERMANY (1915-18)

"TULIT ALTER HONORES"
(*Another took the credit.*—VIRGIL)

1

RUMOUR, THEY SAY, IS EVER A LYING JADE, AND HISTORY, IF CARLYLE IS TO BE believed, is but a distillation of rumour.

Much has been written about British propaganda in the war of 1914-18, but most, if not all of it, has been compiled by men who had no knowledge of its origin nor access to the documents which traced its growth and development. Thus the ostensibly full, but very misleading accounts given in *The Times*

"*History and Encyclopædia of the War*,"¹ and in the *Encyclopædia Britannica*,² are open to serious criticism on the score of incompleteness and inaccuracy, while the story in *The Secrets of Crewe House* conveys a completely false impression. It is no part of my purpose to write a history of British propaganda, but merely to expose and, if possible, destroy the dangerous myth that there were, and are, in any effective sense, two Germanys; that British propaganda was useless in the early stages of the war, and that its signal successes were only achieved when it offered acceptable peace terms to the inarticulate, anti-militarist Germany of fiction.

If the question were asked, who was directing British propaganda against Germany during the war of 1914-18, every German and ninety-nine Englishmen out of a hundred who could give any answer at all (and it is remarkable how few of the present generation could) would reply, "Lord Northcliffe." To prove the correctness of this view, passage after passage could be quoted from Sir Campbell Stuart's *Secrets of Crewe House*, which, in the words of its author, Lord Northcliffe's faithful henchman and deputy, "tells the remarkable story of British propaganda in enemy countries during 1918." Does not page after page, in the chapter headed "Tributes from the Enemy," ascribe to Lord Northcliffe's diabolical ingenuity all the reports, alleged to be false, by which the German people believed themselves to have been tricked and deluded? Were not the "blackest vilifications" of the German Press directed against him? Did not his leaflets carry far into the German homeland? Was he not "the most thoroughgoing, unprincipled, unscrupulous rascal of all the Entente?" Was his not, finally, the figure to be pilloried in world history for all time? Thus they flattered him with the adulation of insult.

In a contemporary notice of Sir Campbell Stuart's *Secrets of Crewe House*, the reviewer observed:

"Lord Northcliffe was appointed Director of Propaganda in Enemy Countries in February, 1918. Hardly a month later, on 25th March of that year, Marshal Foch was appointed Commander-in-Chief of the Allied Forces. It will no doubt be a matter of controversy for many generations of historians to which of these two appointments the prime credit of the sudden collapse of Germany towards the close of that year is due. Marshal von Ludendorff has expressed no uncertain opinion on the subject. . . . His verdict is an unqualified tribute to Crewe House."

After quoting von Hindenburg's reference to "leaflets which are intended to kill the soul" and a high officer's statement that "what damages us most of all is the paper war carried on by the enemy, who drop daily as many as a hundred thousand leaflets which are extraordinarily well distributed and well edited," the reviewer added:

"It is unnecessary to recite more of the tributes which are quoted very fully in Sir Campbell Stuart's book to show to what cause the destruction of the German armies is to be attributed and to whom the credit should go."

Such claims are absurd. They are but echoes of German propaganda. The credit for the destruction of the German army and the consequent collapse of Germany is due, of course, not to British propaganda but to the inflexible resolution and courage of the Allied armed forces. On personal grounds I might wish it were otherwise.

¹ Vol. XXI, Chapter CCCXIV.

² 12th Edition.

Had the reviewer read Sir Campbell Stuart's book with the attention necessary to penetrate the veil that hid its secrets, he would have discovered for himself that the real secret was that neither Lord Northcliffe nor Crewe House had anything to do with the "war of leaflets." The "paper war" was initiated in the Directorate of Special Intelligence in March, 1915, long before the Ministry of Propaganda was even thought of, and conducted thereafter under my direction until 1st September, 1918, on which date, and not a day earlier, Lord Northcliffe became responsible. The distribution of the leaflets, and to some extent their preparation, remained my responsibility till the very end of the war. An examination of the tributes quoted by Sir Campbell Stuart will show that, almost without exception, they refer to the period *before* 1st September, and consequently are not tributes to Lord Northcliffe or Crewe House, but to the work of the Directorate of Special Intelligence at the War Office.

2

In face of these indisputable facts, the truth should now be clear to the generations of hitherto bewildered historians to whom Sir Campbell's reviewer refers. As Lord Beaverbrook wrote to the *Daily Mail* a year or two ago, "the legend that Lord Northcliffe directed Britain's propaganda effort is hard to destroy, but would have been destroyed by Lord Northcliffe if he had lived." I share that view. But the historians have not been without guidance. In a letter of farewell to my staff published at the close of the war, I expressly mentioned the "tribute to the startling effectiveness" of their work "paid by the Chief of the German General Staff himself, who, in a recent order, made specific reference to certain leaflets, all of which were prepared in and distributed under arrangements made by the Directorate of Special Intelligence." In his *Through Thirty Years*,¹ too, Mr. Wickham Steed makes it quite clear that he and Dr. Seton Watson were responsible for propaganda against Austro-Hungary and Bulgaria, while Lord Beaverbrook, with the help of Mr. (now Sir Hugo) Cunliffe-Owen, unquestionably conducted that against Turkey. I was responsible in exactly the same way for that against Germany, but the credit for its phenomenal success in its own sphere was due, not to me, but to those who worked under my general direction.

It is to be remembered, when discussing anything that was done in the war of 1914-18, that Great Britain had given previous consideration to very few of the problems likely to arise in the course of a conflict with Germany. It is a truism that war is a policy of force directed to the destruction of the enemy's military power. There are three means to this end—the defeat of his forces, the exhaustion of his material resources or the collapse of his *moral*. While the Navy was fully prepared, the Army and Air Force, practically non-existent, had to be improvised under its protection. Preparation for the defeat of the enemy's forces being so backward, it is not surprising that little or no thought had been given to the problems of exhausting his material and moral resources. For these essential tasks no machinery had been devised, nor even contemplated. As soon, however, as these gaps in our defensive armour were recognized, steps were taken to fill them. In a previous chapter the creation of a Fourth Arm, ancillary to the Navy, Army and Air Force, is described, by means of which the

¹ *Through Thirty Years*, Vol. II, pp. 187, *et seq.*

enemy's economic and financial resources were drastically curtailed. In this chapter the authentic history of the genesis of the Fifth Arm, another novel instrument of war, is related. Forged and sharpened in the Directorate of Special Intelligence, this weapon, if the enemy is to be believed, finally shattered his confidence and undermined his will to fight, and unfortunately, according to Hitler, taught him "too well a practical lesson" in the art of propaganda. Truth compels me to add, however, that the first lessons were given us by the Germans themselves.

3

In the month of September, 1914, the first leaflets fell. They were dropped by the Germans over the town of Nancy by aeroplane. A month later, at General Sir Ernest Swinton's suggestion, the Royal Flying Corps retaliated with a leaflet drafted by that "unimaginative" soldier. Official sanction for a second distribution was, however, withheld. About this time it was brought to my notice by the Postal Censorship, which was organized in September, 1914, that a quantity of literature directly or indirectly of German origin was passing through the post to South America and elsewhere, with the obvious intention of influencing opinion in those countries in favour of Germany. I took immediate steps to stop this traffic, and advised the French to do the same. Instructions were given to remove the German propaganda from its wrappers, and the News Department of the Foreign Office, which was responsible for publicity in neutral countries, was induced to print some material similar in appearance to the German product. This was substituted for the German propaganda and forwarded in the German covers to the German agents to whom it was addressed and by them kindly and gratuitously distributed. After a few weeks' interval we were glad to observe in the post complaints from the German distributing agents questioning the value of this propaganda to Germany.

To assist in the preparation of counter-propaganda it was necessary to study the propaganda removed, and Mr. Harry Melvill, of the Postal Censorship, on his own initiative, but with my full approval, formed a library where gradually a large mass of useful material was collected, roughly classified and catalogued. This was utilized in the preparation of leaflets which were passed to the Army in France to be dropped over the enemy's lines by means of trench mortars, aeroplanes, or any contrivance that would serve, or distributed clandestinely through the Secret Service. This was in March, 1915, the date from which, according to Hitler in *Mein Kampf*, British propaganda first began to be noticed by the Germans. At that time, no agency was engaged in propaganda against Germany except my Directorate of Special Intelligence. The Directorate of Military Intelligence had not yet been created, and Lord Northcliffe's Department was not even thought of. It must be confessed that the Government were not consulted, and that the higher military authorities, absorbed in tasks more directly connected with the operations of war, displayed no enthusiasm for propaganda, nor any faith in its success. The Cabinet and the Prime Minister remained, indeed, blissfully unconscious that a psychological war was being fought and won.

Thanks, however, to the skilful inventions of my staff, accepting Ruskin's maxim that "only truth can be invented," our work prospered. The Press Section, being an integral part of the General Staff, was in a singularly happy position in its search for material for effective propaganda. It was in the closest

touch with the Directorates of Military Operations and Intelligence, and also with the corresponding branches of the Staff in France, and with the Press at home and abroad. On the other hand, as Sir Peter Chalmers Mitchell has aptly remarked, "the fact that it was a branch of the War Office prevented the full extent of its activities being known and the credit of much that it accomplished was assigned to organizations more accustomed to work before the footlights."

The sources from which material suitable for our propaganda was derived did not, of course, differ greatly from those upon which we drew for the purposes of publicity in allied and neutral countries. Letters from German prisoners-of-war, many of them reproduced in facsimile, were of great use, since they often spoke of very kind treatment and ample fare: these were supplemented by photographs of the men as they were when taken prisoner, many of them in rags and all looking sufficiently miserable; of their reception into the British lines with the usual hospitality of the British soldier, and, finally, of their life almost of luxury in the prisoners-of-war camps. For the rest, the leaflets were simple and direct in their appeal: they countered German misstatements, explained the progress of the war, and emphasized the growing strength of the Allied forces. We deliberately left to the News Department of the Foreign Office the congenial task, to quote Mr. Robert Donald, of "firing essays and articles at the intelligentsia over the heads of the people."

4

As the propaganda library in the Postal Censorship increased in bulk, it seemed desirable to submit it to a closer examination than the Librarian could afford in the intervals of classifying and cataloguing it. I therefore decided, towards the end of 1916, to entrust to Captain (afterwards Sir Peter) Chalmers Mitchell the task of making a thorough analysis of its contents and extracting as much material as possible for counter-propaganda. To him is due the production, in April, 1917, of a compendious *Report on the Propaganda Library*, to which I wrote an introduction, claiming that, "It will be invaluable in the future as a guide to historians, who, in the leisure of peace, may devote themselves to the intensive study of German literature relating to the war. For the present it is useful as the most condensed and comprehensive summary of German war literature that has been compiled." When this was completed, Captain Mitchell was employed in preparing material for counter-propaganda in Germany and other enemy countries, a task for which his careful analysis of the material collected in our propaganda library well fitted him.

It is interesting to note how little the German viewpoint has changed in the last two decades. The *Report on the Propaganda Library*, objective and unbiased as it was, reveals two outstanding aims which the Germans consistently pursued: the creation of a Customs and Trade Union with Austro-Hungary for all purposes under the direction of Germany, and the establishment on unshakable foundations of German control over the world's markets and transportation services from the frontiers of the Low Countries to the Persian Gulf. Everything else was subordinate to these aims, which would have given her complete control over Europe, enabled her to command the South American markets and afforded her a base for operations against Egypt and India. There were, of course, allegations, such as are being repeated to-day, of England's decadence and tirades against this country as the real warmonger. There was,

too, more than a hint, of which General Franco may not have taken notice, that Spain could be brought to heel through the capture of her trade with Central and South America, with the ultimate object of commanding the Straits of Gibraltar and developing German influence in Morocco and North-West Africa. The still persisting myth of an "Encircling Plot" between Great Britain, France and Russia was prominently featured, and there was much talk, too, of what Germany is entitled to acquire on account of her superior ability, civilization and vitality. Her future was explicitly declared to be world-wide. How many, I wonder, of those who have assumed the responsibility of governing this country in the last twenty-five years have troubled to make themselves master of Germany's declared intentions?

It will be observed from this brief outline of German aims that the greater part of her propaganda was for home consumption. Very many writers were obsessed with hatred for England; a numerous set laid stress on England's guilt; others, less prudent and more vigorous, declared that the struggle was between Germany and England for the mastery of the world, that the clash was inevitable, and that Germany had launched her attack in 1914 because at that time neither France nor Russia was prepared. They did not think it necessary to mention England's obvious and chronic unpreparedness. Nor did they think it necessary to conceal their country's predatory designs nor its bid for world domination. They knew that there were few statesmen in Britain capable of comprehending their mentality or of profiting by their warnings.

5

Mention has been made¹ of the unsuccessful struggle upon which the War Office had been engaged since 1915, to induce the Government to adopt the simple ideal for all its publicity services of "one department, one building, one policy," and of a meeting in January, 1916, which in pursuit of this ideal the Home Office had been persuaded to call in the hope of co-ordinating British propaganda. It had proved abortive, owing to Lord Robert Cecil's preference for "news" rather than for "views." Like another famous person, he declared in effect, "What I want is, Facts." This failure, however, did not deter us in the Directorate of Special Intelligence from conducting a vigorous propaganda of our own against Germany, especially as the growing bulk of literature in the Propaganda Library convinced us that the Germans fully appreciated the value of views, though the content of their propaganda, as Hitler has remarked, was "psychologically all wrong" and that intended for our troops, being confined to "news" and rather stale news at that, proved wholly ineffective and, indeed, laughable. The devices, however, which they adopted for distribution over our lines were ingenious, and became more and more ingenious as our Censorship, by closing the ordinary channels of communication by post and telegraph, curtailed the extent of its diffusion abroad. They dropped leaflets from balloons, and, as mentioned before, from aeroplanes. Captains Chalmers Mitchell and Kenny, under the direction of Lord Onslow, set themselves to imitate and even improve on these methods. At first our leaflets were distributed by aeroplane, but, when the Germans began to discover how effective they were, they protested with a strange lack of humour against the dropping of propaganda in this way,

¹ See Chapter VIII, p. 52.

although they had themselves started the practice. In December, 1917, however, the situation became impossible when two British captured airmen were sentenced by the Germans to ten years' penal servitude¹ for being found in possession of propaganda. In these circumstances, Sir Douglas Haig temporarily suspended distribution by aeroplane, and the War Cabinet, on the advice of the Air Ministry, made the embargo permanent. This decision affected my Directorate in two ways. We were much encouraged at this testimony to the efficacy of our propaganda, and we at once set about discovering a substitute for the aeroplane.

The help of the Air Inventions Board was enlisted, and various experiments were tried. Some proved too expensive, some too dangerous to our planes. Eventually "doped" paper balloons carrying a load of propaganda, released in packets by time-fuse, solved the problem, and by this means we were able to distribute about 2,000 lb. weight a week, seven-eighths of which was prepared in a special sub-section of my Directorate at Adastral House, and the rest received from the French and Belgian authorities. The distribution was carried out by the Army in France, and the total number of leaflets thus dropped over the German lines was nearly twenty-six millions, for which purpose more than 32,000 balloons were used.

No building available at this time would have accommodated all the existing agencies of propaganda, so that in that respect the ideal of one department could no longer be realized. But in advocating it I had always contemplated a composite rather than a unified organism, to consist of political, naval and military sections, under a Director-General responsible to a Minister of the Crown, who should obtain from the War Cabinet the basis of a consistent policy. As I was myself directing the work of five independent but closely interrelated sections of the General Staff, scattered among as many buildings, in addition to various missions in allied capitals, I could see no difficulty in controlling an organization such as I had in mind. The immediate need, however, was for a common policy, with a broad but clear statement of allied war aims, to serve as an authoritative text to which all engaged in propaganda in enemy countries could refer for guidance and so speak with one voice.

CHAPTER XI

THE FIFTH ARM: A LEAFLET WAR

"VERBORUM TANTA CADIT VIS"

(There falls so great a force of words.—JUVENAL)

1

I HAD ANOTHER STRONG MOTIVE TO PRESS FOR A STATEMENT OF ALLIED WAR AIMS as soon as possible. Throughout the war, matters requiring attention, but not obviously anyone else's duty, tended to devolve upon me. One such was the need to inform the minds of the young soldiers in units withdrawn from the lines for rest or training at home regarding the origins of the war and the aims

¹ They were released, on a threat of reprisals, in March, 1918.

of the Allies, so as to arouse their curiosity regarding world affairs, awaken their social consciousness, and give them a clear, comprehensive understanding of the moral issues at stake. In a war of nerves there can be no better antidote to the poison of propaganda than the provision of wholesome food for the mind, and in both the French and the Russian Armies the neglect of this simple precaution had had deplorable results. Nothing in the nature of propaganda was desirable. Obviously, however, lecturers on such subjects would stand as much in need of guidance as our propagandists. I discussed this question with Sir E. Carson one day and the next, by a curious coincidence, my friend, the late Brigadier-General Douglas MacEwen, called and broached the same subject. We thought something could be done on the lines of tutorial classes, and Professor Adams, to whom we turned for advice, suggested as a beginning the appointment of an organizing secretary. Eventually Captain F. C. Egerton, who had already been engaged on similar work in France, was selected to help MacEwen, then on the Staff of the Southern Command, to organize lectures, etc. I put him in touch with Mr. H. A. L. Fisher, the Minister of Education, and others, and he produced a scheme which elicited high praise from a number of distinguished educationists. It included classes in technical, industrial and commercial subjects, problems of Empire, etc. *The Times* encouraged us with a special article which, after emphasizing the startling interest displayed by the young soldier, concluded with these words, "It is undoubtedly a credit to the Army that, while the question of educational reform is being discussed and debated outside, it has quietly seized its opportunity, and . . . set to work to raise the standard of citizenship and national *moral* by methods which are eminently sound and practical." This article attracted the favourable notice of the highest in the land, and led the branch of the General Staff responsible for the education of the Army to question the right of my Directorate to deal with the subject at all. I could not help agreeing, and, albeit with some regret, surrendered the attractive infant into other hands. An unfortunate consequence of this decision was that Captain Egerton who, as much as anyone, deserved credit for initiating the scheme was, to my great regret, replaced by another officer. He had done great work on behalf of the soldier and laid foundations on which others have been enabled to build, I hope, an enduring edifice. He may, indeed, claim to have been the architect of the Army Bureau of Current Affairs (A.B.C.A.).

2

With the object, therefore, of eliciting from the Government a precise statement of Allied intentions, I compiled a synopsis of "Allied War Aims," which on 1st January, 1918, I submitted to Lord Hardinge at the Foreign Office for his approval. As far as it went, it was authoritative, being summarized from the Allies' reply to the American note of the 19th December, 1916, a number of public statements by His Majesty's Ministers and more particularly the speeches of Mr. Asquith and the Prime Minister. It included, too, the statement of Allied War Aims communicated to President Wilson in January, 1917. Mr. H. G. Wells was clearly not the first in this particular field, as he and Lord Northcliffe seem to have supposed. Speaking to Trade Union delegates on 5th January, the Prime Minister made a declaration of our intentions which, both in substance and sequence, so closely resembled my synopsis as to make

me hope that the latter had been of some use to him. Two or three days later President Wilson, in his address to Congress, formulated his "Fourteen Points." He declared that America had entered the war to make the world "safe for every peace-loving nation . . . against force and selfish aggression" and added that, "all the peoples of the world are in effect partners in this interest."

Meanwhile, the distribution of propaganda by balloon was being successfully operated. One of the first uses to which this method was put was to inform the German Army and people of the Allied War Aims. The Prime Minister's speech on this subject had been printed in the German Press in a much truncated form, and to counter the effect of this mutilation, the entire speech was printed in such a manner as to emphasize the omissions of the German censors. This particular leaflet formed part of a series produced by my Directorate, and which, dating from the middle of March, 1918, was only discontinued early in September, on Lord Northcliffe taking over from me the responsibility for propaganda in Germany. By that time over twelve million leaflets of this series had been dispatched to France.

3

In the interesting account given in *The Secrets of Crewe House* of our propaganda war against Germany, there is more than one reference to Lord Northcliffe's "famous intensive campaign from Crewe House." This is identified with the period of ten weeks and two days from 1st September, 1918, to the date of the Armistice, 11th November, 1918. This, in point of fact, is the only period during which Lord Northcliffe was responsible for British propaganda against Germany. On the other hand, my responsibility extended from March, 1915, to 31st August, 1918, a period of nearly three and a half years. Even during the short period of Lord Northcliffe's control, distribution was carried out by the forces in France, under the orders of General Headquarters and in consultation with my Directorate. It is significant that while during the summer of 1918 the number of leaflets scattered over the German lines and behind them constantly rose, totalling 1,689,457 in June, 2,172,794 in July and 3,958,116 in August, it actually fell in September, the first month for which Lord Northcliffe was responsible, to 3,715,000, a drop of more than 8,000 a day. Even more significant are the figures of cost. The expenditure for the four months, 1st September to 31st December, 1918, of Lord Northcliffe's "intensive campaign" was £31,360, of which less than £8,000 was chargeable to Crewe House and over £17,500 to the War Office.

Sir Campbell Stuart in a foreword to *The Secrets of Crewe House* wrote, "The activities of Crewe House will stand the test of judgment by results. German comments on Viscount Northcliffe's Department leave no room for doubt as to the verdict of enemy countries." This is somewhat disingenuous. Lord Northcliffe had been appointed Minister for Propaganda in Enemy Countries on 13th February, 1918. The appointment was announced with a great flourish of trumpets and nothing was lost in the telling. The Germans naturally assumed that from that date Lord Northcliffe was responsible for the propaganda of which the Army complained so bitterly, and all the tributes paid to him by name were penned on that assumption.

4

Sir Campbell Stuart states¹ that Lord Northcliffe's production branch was divided into German, Austro-Hungarian and Bulgarian sections, and that the Austro-Hungarian section was the first to begin operations, because Austro-Hungary would be most susceptible to propaganda.² We are told, too, that for a few months after Lord Northcliffe's appointment, the War Office continued the production of literature for propaganda work against the Germans,³ and it is explained later that, as Austro-Hungary was the most urgent field, the War Office was asked "to continue, on his (Lord Northcliffe's) behalf, the admirable and assiduous work carried on since 1916."⁴ That date should be 1915, and presumably the phrase "on his behalf" is intended to mean "in place of Crewe House." On the same page we gather that Mr. H. G. Wells's assistance was invoked in May, 1918, to define "a policy to be followed against Germany," and that he prepared the long and admirable "Memorandum on German Psychology" which fills the next twenty pages. He there gave strong support to the project for a League of Nations, and incidentally reveals the fact that he had not seen the clear and full statement of the Allied War Aims prepared by me some months earlier. He makes, indeed, the mistake of supposing that a distinction could be drawn between Germany and its Government, and that an appeal, as he put it neatly, "from Germany Junker to Germany sober" would afford the best basis for our propaganda. Subsequent events, unfortunately, seem to prove that Germany's alcoholism is chronic and that its only cure is likely to be found in a prolonged period under observation and restraint. It may indeed be said of Germany: "*Eripete isti gladium quae sui est impos animi.*" Mr. Wells's Memorandum was followed by a lengthy letter from Lord Northcliffe to Mr. Balfour from which that subtle mind might have learnt at last that, "the object of all propaganda is to weaken the will of the enemy to war," and that the real object of the Allies after defeating Germany was to establish a durable world peace. With those perhaps self-evident propositions, Mr. Balfour expressed his general agreement, "on a cursory reading."

5

I hope I do Mr. Wells no injustice when I suggest that his thoughts were more bent on the League of Nations than on the task of directing propaganda; for no sooner had his suggestions been adopted than, by way of protest against some Government regulation, he resigned his office and devoted himself to popularizing the idea of the League. This was in July, 1918.

Mr. Wells was succeeded by Mr. Hamilton Fyfe, a journalist of distinction who, having served as a war-correspondent with the French and Rumanian Armies, and conducted a lecturing tour in Spain, memories of which, I was told, still lingered, was well known to the Staff in France. Meanwhile my Directorate had been steadily pursuing the policy of undermining the enemy's *moral* by an ever-increasing shower of leaflets over his lines. Lord Northcliffe, however,

¹ *Secrets of Crewe House*, p. 11.

² *Op. cit.*, p. 20.

³ *Op. cit.*, p. 16.

⁴ *Op. cit.*, p. 60.

thought that the time had come for the whole work of production to be centralized at Crewe House, and in the same month, July, 1918, proposed to Lord Milner, who in April had succeeded Lord Derby as Secretary of State for War, to take over from the War Office responsibility for propaganda in Germany from an early date. This is clearly stated in Sir Campbell Stuart's book.¹ What is not stated is that, after consulting me, Lord Milner agreed to the transfer taking place on 31st August, Crewe House becoming responsible from 1st September, 1918. From that date, too, responsibility for expenditure on propaganda in enemy countries, which up till then had been vested in the Ministry of Information, was transferred to Crewe House.² The arrangements for distributing propaganda remained in my hands till the end of the war, and a large proportion of the less urgent leaflets continued to be produced by my staff. Apart from the date of transfer, all this is clearly stated in *The Secrets of Crewe House*. It is also true that to assist Lord Northcliffe I lent him the services of Captain Chalmers Mitchell for a few weeks prior to the agreed date, but this officer remained officially on my staff and under my direction until the end of August, 1918. He was, indeed, nominated by me as one of the War Office delegates to the Inter-Allied Conference which assembled at Crewe House under Lord Northcliffe's chairmanship on 14th August, the other two being Lord Kerry and myself. At this Conference, Crewe House was represented by Sir Campbell Stuart, Sir Charles Nicholson and Mr. Wickham Steed.

It is clear from the above recital of facts, derived almost exclusively from Sir Campbell's own account of the activities of Crewe House, that Lord Northcliffe did not even contemplate taking over from me until the middle of July, 1918, and that the transfer was not completed till the 1st September. It can be proved in the same way that the devastating effect of British propaganda among the German troops and people was acknowledged by the enemy prior to July, and that almost without exception the tributes from the enemy printed in Chapter V of *The Secrets of Crewe House* refer to leaflets prepared in and distributed under arrangements made by my Directorate.³

6

There is one other point which may well be mentioned here. During a visit to The Hague in July, 1918, Lord Newton discovered that the Germans were acutely anxious to enter upon peace negotiations. He records this fact in his autobiography, *Retrospection*, and this is confirmed by Adolf Hitler in *Mein Kampf*.⁴ He is referring, be it observed, to a period prior to the French and British attacks in July and August. "The information," he writes, "came to me as a complete surprise, for there was no indication of a German collapse. Their position, in fact, seemed to be unassailable." And, according to the chief of the German Secret Service, when Marshal Foch dealt the last decisive blow, "he pressed against a front, the homeland support of which had collapsed."⁵ Field-Marshal Smuts has, therefore, some ground for the assertion that "the end of the last war came not through our defeating Germany militarily, for we did not. We

¹ *Op. cit.*, pp. 90-91.

² *Report of the Comptroller and Auditor-General*, White Paper No. 116 (1919).

³ See also *Through Thirty Years*, by H. Wickham Steed, pp. 225-6. The leaflets to which here refers were issued, not by Crewe House, but by my Directorate.

⁴ p. 173.

⁵ *The German Secret Service*, p. 228.

merely broke the Hindenburg Line. The war ended because Germany collapsed internally and her *moral* broke." I do not myself wholly share this view.


Chapter V of *The Secrets of Crewe House* is headed, "Tributes from the Enemy." It opens with the statement that the Press of the enemy countries was closely watched for reference to British propaganda. It was so watched: not, however, by Crewe House, but, under my direction, by the staff of the *Daily Review of the Foreign Press*. "During August, 1918," we are told, "the misgivings engendered by the trend of events, as revealed by our propaganda, found expression in print. Then, as if a pent-up stream had at last carried away the dam, came a flood of wails from many quarters, generals vying with editors in hurling imprecations at the British Enemy Propaganda Department with blackest vilifications of Lord Northcliffe and in beseeching German troops and people not to be affected by the leaflets which had, by this time, found their way into even the remotest corner of rural Germany."

Sir Campbell Stuart, "on Lord Northcliffe's behalf," might have been expected to disclaim any responsibility for British propaganda or for those leaflets at the date mentioned and pointed out that vilifications of Lord Northcliffe were amusingly inappropriate. The German outcry is always against the leaflets. The "high officer at the front" declaims against them:¹ the Foreign Office Report² declares them to be more effective than lead. Letters from the front mention "leaflets" and nothing but "leaflets" over and over again, and the dates of publication in the *Kölnische Volkzeitung* (20th August and 11th September) clearly prove that the showers to which they refer fell upon them before Lord Northcliffe came into the picture.

Sir Campbell Stuart, on one page, implies that our propaganda might have had greater effect if it had been tried earlier; but he quotes Ludendorff as relating that, just before the last German offensive of 15th July, 1918, the Army complained that their lines were literally drenched with our publications. Is it unreasonable to suggest that, in an objective study of British propaganda against Germany, it should have been the author's duty to state frankly that, at the date mentioned, neither Lord Northcliffe nor Crewe House had made their late entry into the vineyard, and that those who had wrought among the vines from the early days of 1915, and borne the heat and burden of discouragement and even ridicule, should at least have received their penny before they went their way?

CHAPTER XII

SECRETS OF ITS SUCCESS

"PRUDENS SIMPLICITAS" 
(*Astute simplicity.*—MARTIAL)

1

SO FAR SIR CAMPBELL STUART'S OWN BOOK HAS BEEN QUOTED TO PROVE THAT British propaganda in Germany was effective and its work finished before ever Lord Northcliffe came on the scene. I propose now, briefly, to confirm this

¹ *The Secrets of Crewe House*, p. 118.

² *Ibid.*, p. 119.

view from another source, and then to state why, in my judgment, and, incidentally, in the opinion of the enemy, our propaganda was so successful.

Colonel W. Nicolai, in his book *The German Secret Service*, after stating that "the enemy" used the air service to distribute propaganda, observes that, up to 1916, this consisted mainly of newspapers—he mentioned the War Office production, which he misspells "*Le Courier de l'Air*"—and leaflets in French and German, the former intended to incite the French and Belgian people in occupied territory, the latter to depress German opinion. After a reference to "forged" letters illustrating the enviable lot of German prisoners—there was, of course, no need to forge them—he continues, "In 1917, there was already a vast amount of material regarding this side of the activity of the enemy." He strangely claims that the troops rejected this propaganda, while affirming on the same page that the "severe hardships they experienced helped this propaganda to achieve results." He then remarks that, "In July, 1918, in the area of one army alone, no fewer than 300,000 enemy pamphlets were handed over to the authorities. The number of those not delivered up could not have been small."¹ It could not, since in that month over two million were dropped.

These quotations prove that in 1915, 1916 and 1917, and until July, 1918, that is during the whole period during which the War Office was responsible, our propaganda in Germany was well planned, well produced and phenomenally successful, and further, that every tribute from the enemy so carefully chronicled in *The Secrets of Crewe House* and in *The Times History and Encyclopædia of the War*,² is an acknowledgment of its efficacy, and is addressed to Lord Northcliffe merely through a natural misunderstanding of the facts. If our propaganda "very substantially contributed to England's victory," as Herr Arnold Rechberg wrote in July, 1919, Lord Northcliffe's share in it is confined to his efforts in Austro-Hungary and Bulgaria, for which, however, Mr. Wickham Steed rightly claims responsibility.³ Our propaganda against Germany was, I repeat, initiated in the Directorate of Special Intelligence at the War Office in 1915 and was developed throughout 1916 and 1917. It was at the full tide of its achievement when, later in 1918, Lord Milner directed me to hand it over to Lord Northcliffe.

2

For this statement there is even more authoritative confirmation from yet another source. Much about the time when Clio was being clouted by Lord Northcliffe's friends in England, Truth leaned over the shoulder of a lone writer in a Bavarian fortress, and for a few short hours guided a hand from which in after years she was destined to receive some cruel cuffs. Adolf Hitler, in Chapters VI and VII of *Mein Kampf*, tells of the effect produced by British propaganda in Germany, analyses its methods, and studies the causes of its success. "In 1915," thus Chapter VII opens, "the enemy started his propaganda among our soldiers. From 1916 onwards it steadily became more intensive, and at the beginning of 1918 it had swollen into a storm flood. Gradually our soldiers began to think just in the way the enemy wished them to think." "In

¹ pp. 161-3.

² Vol. XXI, Chapter CCCXIV.

³ *Through Thirty Years*, pp. 190 and 229.

the summer of 1915," he writes on the next page, "the first enemy leaflets were dropped on our trenches," and again on the following page, "This persistent propaganda began to have a real influence on our soldiers in 1915."

Thus in these five short sentences Hitler defines precisely the propaganda to which he is referring in the two chapters cited. It is not to the propaganda leaflet prepared by Lt.-Colonel Swinton, in October, 1914, produced by Lord Northcliffe's Press organization, distributed by aeroplane among the German troops, and recorded by Lord Northcliffe's Deputy Director in his *Secrets of Crewe House*. That then remained a secret concealed from Adolf Hitler and from me. Nor is Hitler referring in any way to Lord Northcliffe's propaganda, since already, "at the beginning of 1918 it had swollen into a storm flood," and, at that time, Lord Northcliffe's Department was not in existence. No: the author of *Mein Kampf* indisputably had in mind only those "praiseworthy and painstaking efforts" of the Directorate of Special Intelligence, over a period of more than three years, of which Sir Campbell Stuart writes with such gratifying condescension and to the success of which the whole of his book bears involuntary but conclusive witness.¹

Let us inquire, now, what Hitler discovered from a critical analysis of War Office propaganda. He could estimate, he says, the tremendous results obtainable and, "had ample opportunity to learn a practical lesson in this matter; for unfortunately it was only too well taught us by the enemy. The lack on our side was exploited by the enemy in such an efficient manner that one could say it showed itself as a real work of genius." He goes on to say that unfortunately the lesson to be learned had no attraction for the geniuses on his side. Nor, I fear, has it for our own intellectuals.

3

The first lesson that Hitler learnt, so he declares, was that "when nations are fighting for their existence on this earth, all humane and æsthetic considerations must be set aside . . . The most ruthless methods are the most humane." Well, it is good to see ourselves as others see us. His second question, "To whom should propaganda be made to appeal? To the educated intellectual classes? Or to the less intellectual?" he answers more to my satisfaction: "Propaganda must always address itself to the broad masses of the people." This I believe to be profoundly true. It was indeed the keynote of the War Office propaganda. It has been closely imitated by the Russians in the present war. "All propaganda," Hitler asserts, and I agree, "must be presented in a popular form and must fix its intellectual level so as not to be above the heads of the least intellectual of those to whom it is directed. . . . Too much attention cannot be paid to the necessity of avoiding a high level." The success of the War Office propaganda

¹ In view of what has been written above, it is amusing to read in Mr. Ivor Thomas's *Warfare by Words*, published in 1942, the statement that "Service-men . . . are by training and temperament unfitted for the actual work of propaganda." The author has not penetrated the veil that hides the *Secrets of Crewe House*, and, though he appears to have had access to *Mein Kampf*, has failed to notice that Hitler admitted the influence of War Office propaganda upon the German Army as early as 1915, long before it had sustained defeat.

I may add that Mr. Thomas's urge towards using British propaganda as a vehicle for a propaganda of Socialism and revolution would suggest the wisdom of putting this two-edged weapon out of the reach of partisan politicians. Europe in revolution would not prove a rich post-war market for British exports.

was largely due to the fact that it was seldom "high-brow." It confined itself, as a rule, to bare essentials, constantly reiterated.

Hitler observes with insight that it is a fundamental mistake to belittle the worth of the enemy: public opinion at home is encouraged to expect daily successes, and the *moral* of the troops who have to face the enemy and who know his worth is undermined through loss of faith in the Staff. The more the enemy's power of resistance is recognized, the more the gallantry and determination of our men are emphasized. The exaggeration of small successes is equally to be avoided: otherwise the psychological value of a really successful operation is largely discounted. Colonel Warburton Davies, who was head of my Press Section in 1916, had a clear grasp of these essentials, but the Press, responsive to the exaggerated optimism of the Press correspondents at the front, was frequently at fault.

A third principle on which the author of *Mein Kampf* insists, while crediting War Office propaganda with its strict observance, is that it should always adopt a one-sided attitude. It should not present the truth objectively, but keep the spot-light continually on that side of it which it is its purpose to reveal. He maintains that our success was due to the uniformity and consistency with which we repeated untiringly a few selected themes, meant exclusively for mass consumption.

The last principle which Hitler's analysis disclosed to him and which, he asserts, "English propaganda especially understood in a marvellous way and put into practice," is to recognize that the thought and conduct of the great majority of a nation "are ruled by sentiment rather than by sober reasoning." Mass psychology demands emotional appeal. His final word is that, in the field of propaganda, "placid aesthetes and *blasé* intellectuals should never be allowed to take the lead."

Such, then, according to Hitler, were the principles to be deduced from War Office propaganda from 1915 to 1918, by the observance of which finally the German people came to believe whatever we wished them to believe. In England, he concludes, propaganda was regarded as a weapon of the first order. It is a curious commentary on this that, on 16th May, 1918, the British Prime Minister was writing to Lord Northcliffe: "I trust that you will soon turn your attention towards German propaganda. I feel sure that much can be done to disintegrate the *moral* of the German Army." Apparently he did not know that the weapon had been forged in 1915 and that the disintegration of the German Army by propaganda was on that date, as Hitler testifies, nearly complete. Truly, as Sir E. Carson observed to me on this very point, few people were as ill-informed as the Cabinet.¹ In face, too, of Hitler's own admission that our propaganda was already influencing the German soldier in 1915 and had swollen into a storm flood at the beginning of 1918, it is astonishing to read a statement in *The Secrets of Crewe House* to the effect that in the early months of 1918 Germany was too flushed with her facile triumphs in Russia to be susceptible to propaganda! This myth is repeated practically by every British author who writes on this subject.

¹ Mr. Lloyd George, in his *War Memoirs*, p. 3,134, mistakenly attributes to Lord Beaverbrook and Lord Northcliffe the success of British propagandist leaflets dropped "from the air in the German ranks or behind their lines." Neither of them had had anything to do with it.

It may be wondered why, after the lapse of twenty-five years, I have at length been moved to prove that, however successful Lord Northcliffe's Department may have been in its campaigns against Austro-Hungary and Bulgaria, it cannot justly claim any share in the phenomenal results obtained by our propaganda in Germany. Achievement, like virtue, is its own reward. Had I had any personal reason for making the position clear, I could have done so more effectively and opportunely when, towards the close of 1918, I was elected a Member of Parliament. Still later, when in February, 1940, Lord Beaverbrook protested to the Editor of the *Daily Mail* against all the credit for British propaganda in the last war being given to Lord Northcliffe, I might have intervened but did not. I do so now for a specific reason. There are some who, in spite of Germany's five wars in the past eighty years; of her "historic mission" to dominate Europe alleged by Taine even in his time to date back at least 50 years, and of the unblushing, blatant and boastful witness of her leading statesmen and publicists, are anxious to persuade us that the vice of international aggression on the grand scale is no more endemic in the German nation than in others, and that if only we relate our propaganda to policy and produce a sufficiently attractive policy to set before the German people, we may ensure permanent world peace by negotiation and appeasement without destroying finally her military power and (a more difficult and perduring task) exorcising her lust for world domination and spoliation. In support of this, to my mind, fantastic theory, the country is being falsely and frequently told that it was not till British propaganda concentrated upon war and peace aims that it began to have so devastating an effect on the enemy, and became indeed, according to Ludendorff and Hitler, a principal cause of Germany's defeat. It is to counter a dangerous theory, framed under so complete a misapprehension, that I have thought it right to demonstrate that, in the war of 1914-18, British propaganda had done its work, for good or ill, before Lord Northcliffe came upon the stage. If there was any change in its basis in the short time between 1st September and 10th November, 1918, for which he was responsible, it could only have moved in the direction of becoming more intellectual, and in consequence less effective. In this connection I may mention that when I visited the American Headquarters at Chaumont in August, 1918, the first topic raised in a Conference which I held with two senior American Staff Officers was propaganda in Germany. One told me that they were "just beginning to tackle many problems arising out of this difficult question, difficult because so many and so different people all thought they alone knew how propaganda should be conducted." The other observed that "information," i.e., the enlightenment of Allied and neutral countries, would be in the hands of the civil authorities, but General Headquarters would prepare the material for use in enemy countries since "no civilian can write stuff for enemy countries or armies."

There is one characteristic of War Office propaganda that Hitler could not mention: its truth. It was, it has to be admitted, unintellectual; it was addressed to ordinary people; it dwelt scarcely at all on war aims, which have less interest for the men serving at the front and their wives and families at home than the welfare of those they love, the chance of seeing each other again, the conditions under which they are living and, above all, the daily and even hourly mental conflict in balancing what has to be endured against what

can possibly be gained by a prolongation of the war. Any facts that stress the increasing hardships, dangers and losses to be faced by the enemy may make excellent material for a damaging propaganda, provided that an even greater emphasis is laid, in simple language oft repeated, on the vileness of the cause for which he is fighting. On these themes we harped continually. Is world domination with all its hideous implications and accompaniments—blood-lust, cruelty, tyranny and every conceivable horror—really worth all the misery and degradation that it inflicts both on those who seek and those who oppose it? In this connection it is worth noting that, in her exhortations to her own people, Germany constantly exploits the fear of encirclement and the wholly imaginary threat to her national existence. To remove these groundless fears is a legitimate object of counter-propaganda. The fact that Germany not only exists to-day but is even stronger than in 1914 is an obvious proof that German leaders, who in the last war declared her very existence to be imperilled, were not speaking the truth, and that we, who rebutted that argument, were. The same falsehood is being repeated to-day.

Everybody is not agreed on the value of truth. Lord Esher thought that propaganda should be as wide of the truth as the enemy could be induced to swallow. I, on the other hand, attached the greatest importance to ensuring the factual truth of all we published abroad, not the whole truth, but so much of it as was likely to be helpful to our cause. It may quite honestly be claimed that while British and Allied troops gallantly broke Germany's Hindenburg Line, Truth was the weapon which broke her will to win. It beat into her brain the knowledge that, if she would find mercy, she must seek it at the feet of justice.

Who speaks the truth stabs Falsehood to the heart,
And his mere word makes despots tremble more
Than ever Brutus with his dagger could.¹

5

When, on 1st September, 1918, I handed over to Lord Northcliffe, I did not cease my connection with propaganda in Germany. I still remained responsible for its distribution, and as Captain Chalmers Mitchell relates, a large proportion of the literature continued to be produced by the War Office. My recollection is that this consisted of material relating to the forces or derived from military sources, e.g., captured letters, intercepted telegrams, the progress of the war on the fronts, the growing strength of the American Army, etc., while Crewe House concentrated on propaganda of a political character, the popular demand for the Emperor's abdication, the untrustworthiness of the German Government, and the possibility of the eventual admission of Germany into the League of Nations. I had not myself attached much value to such material, believing that its appeal was narrow, academic and of secondary importance.

On the 14th August, an Inter-Allied Conference on Enemy Propaganda convened by Lord Northcliffe assembled at Crewe House under his chairmanship. Great Britain, France, Italy and America were represented, and

¹ J. R. Lowell.

the British delegates were nominated by the Admiralty, War Office, Air Ministry, Foreign Office and Ministry of Information and the Department of Propaganda in Enemy Countries. The War Office delegates, in addition to myself, were the Earl of Kerry and Captain P. Chalmers Mitchell. The Conference sat for four days. It passed various resolutions, mainly concerned with Yugoslavia, Poland, Alsace-Lorraine and Austro-Hungary, and there was a vague reference to Allied economic action which may have been intended to foreshadow a League of Nations, armed with the weapon of economic sanctions. The most striking result was a resolution, passed unanimously, which virtually pledged Italy to take the initiative in promoting a public declaration to the effect that the establishment of a free and united Yugoslav State embracing Serbs, Croats and Slovenes was an indispensable condition of a just and lasting peace. This resolution was, in my opinion, a personal triumph for Mr. Wickham Steed, to whose tact, knowledge and persistence, together with his fluency in the three languages used—English, French and Italian—much of the success of the Conference was due.

Another practical result was the constitution of a permanent body for the purpose of co-ordinating the Allies' policy and organizations for the conduct of propaganda in enemy countries. This was a distinct advance. It was agreed that for soldiers the most elementary propaganda was the best, and that the "releases" of English balloons produced a most adequate scattering of leaflets. There was no criticism of British methods and no suggestions for their improvement. That Lord Northcliffe was completely in the dark regarding the extent and effect of War Office propaganda in Germany, and that his staff had not, at that date, become aware of the German tributes to its "diabolical efficiency," is proved by the fact that, in the speech with which he opened the Conference, he was betrayed into saying that "it had not been possible to develop British propaganda in Germany as fully or as efficiently as in Austria-Hungary," almost at the very moment when the German Minister of War, General von Stein, was saying, "In propaganda the enemy is undoubtedly our superior" (Berlin *Morgenpost*, 25th August, 1918), and others were commenting on "its countless activities."

6

But the Inter-Allied Conference had one result that was particularly welcome to me. I took the opportunity of mentioning to Lord Northcliffe personally my proposal, constantly reiterated since December, 1915, for the creation of machinery for the co-ordination of all British publicity. The Conference had been an object-lesson to him and to others as to the value of "one policy" and concerted action in propaganda against the enemy. He received my suggestion very sympathetically. That evening I mentioned the matter again to Lord Burnham at a dinner which he gave to meet members of the Dominions Press. He encouraged me to proceed and accordingly I drafted a scheme to give effect to my idea, and discussed it with Sir Campbell Stuart, Mr. Wickham Steed, Mr. Pomeroy Burton and Captain Gaunt, R.N., by all of whom it was well received. It suggested that, under the presidency of Lord Northcliffe, a Central Committee should be created charged with the duty of determining and conducting British propaganda policy and effort with similarly constituted Committees in

Paris, Rome and Washington to serve as centres for British publicity. I sent a copy of the scheme to Sir Campbell Stuart on the 17th August. The moment was propitious. Peace was in the air, and as Sir Campbell Stuart says in *The Secrets of Crewe House* (p. 202), "the maintenance of British prestige demanded that our position in regard to peace should be explained and justified by the widespread dissemination of news and views." I was still responsible for British propaganda in Germany and this was virtually my last act in that capacity. I handed over to Lord Northcliffe a fortnight later and on 5th September I had a letter from Captain Chalmers Mitchell, written on behalf of Crewe House, to which he had been transferred from the War Office, saying that, "Campbell Stuart has asked me to tell you privately that your scheme about the formation of a central body under the chairmanship of Lord Northcliffe has received Cabinet sanction." Thus what should, and if I had had my way, would have been done in 1915, was accomplished at long last when the war was practically over. The first meeting of the Committee was held at Crewe House. To show how imperative was the need for co-ordination if all British propaganda were to speak with one voice, it is only necessary to mention that the following Departments, twelve in all, accepted the invitation to send delegates: the War Cabinet, Admiralty, War Office, Foreign Office, Treasury, Ministry of Information, Air Ministry, Colonial Office, India Office, National War Aims Committee, Press Bureau, and, of course, the Ministry of Propaganda in Enemy Countries, which for official purposes had been renamed the British War Mission.

On the 19th October I dined with the Mission at a banquet given to bid farewell to the Carabinieri Band, which had been paying a visit to this country as a return for the visit of the Guards' Band to Italy arranged by my Directorate some time previously. Sir Campbell Stuart told me that the Committee had settled the Peace terms and that the War Cabinet that morning had accepted its proposals. He added that Lord Northcliffe, in sending the draft to the Prime Minister, had informed the latter that the appointment of the Committee was due entirely to my initiative. Two days later Lord Northcliffe, taking my arm as we walked together down a War Office corridor, gave me the same information, adding that, in his opinion, the Committee was one of the most fruitful, if not the most fruitful Committee appointed during the war, and saying how glad he was of the opportunity of telling me this personally. It is this action of his that makes me so ready to agree with Lord Beaverbrook that Lord Northcliffe himself, if he had lived, would have destroyed the legend that he alone had directed Britain's propaganda effort.

Before this chapter closes, a serious warning must be repeated. Nicolai, Ludendorff and Hitler, and all who take their cue from them, deliberately overpraise the effect of British Propaganda and Economic Warfare. In echoing their tributes we give form and substance to the very illusion they are seeking to create, that the German Army remained unbeaten to the end. Ludendorff admits that, when the British attacked the Hindenburg Line, his invincible army, with every advantage of preparation and position, was thoroughly trounced. The war was won by three arms: the Navy, Army and Air Force. Two other arms, both born and bred in the Directorate of Special Intelligence—the Economic War and the War of Leaflets—contributed substantially to the victory.

It may be, as some have claimed, that these together, the Fourth and Fifth Arms, saved more than a year of war. If so, they saved thousands of lives. That is more than sufficient reward for those whose faith fostered their growth and forged their weapons.

But their very success proved fatal. One created in the mind of peace-loving nations the disastrous illusion that "economic sanctions" could safeguard the peace of the world in the face of aggression: in the other Adolf Hitler "found admirable sources of instruction" and "guiding rules and principles which determined the kind of propaganda" to be adopted in his campaign for National Socialism. These organizations, therefore, were together partly, though innocently, responsible both for the disarmament of Great Britain and the rearmament of Germany.

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PART III

BUILDING ON SAND

CHAPTER XIII

"THE BEST-LAID SCHEMES"

"HIC EST AUT NUSQUAM QUOD QUAERIMUS"
(*Here or nowhere is what we seek.*—HORACE)

1

PEACE HAD COME AFTER NEARLY FOUR AND A HALF YEARS OF BITTER STRUGGLE. The question in every mind was: to what use will it be put? British troops stood side by side with those of France, Belgium, the United States and Italy. Behind them were their Governments intent in their various ways upon making a new world, a better world, perhaps a less selfish world, a less materialistic world, a less quarrelsome world, a world "safe against force and aggression," a world of "justice and fair dealing."

As soon as the sword was sheathed, every omniscient and optimistic scribbler unscrewed his mightier fountain-pen, promised the tired workers "a new state of society planned almost entirely in their interest" and published his own particular prescription for a "more generous social order." Few, if any of them, mentioned the only possible means by which a better material world could be obtainable, i.e., by service and sacrifice and by the exercise of many of the sterling qualities that had won the war. The war, they were told was "fought to end war" and having been won was not unnaturally supposed to have achieved its purpose. All were persuaded to look forward to an unbroken peace, general disarmament and boundless prosperity in a devastated and impoverished world.

There were, indeed, indications that this view was not quite universal. In October, 1917, I had been appointed a member of Sir George Cave's International Law Committee. This was a very strong Committee including Sir Eyre Crowe and Mr. (afterwards Sir Cecil) Hurst of the Foreign Office, Admiral Sir Reginald Hall, Sir John Macdonell, Sir Erle Richards and the Procurator-General. Its purpose was to consider what changes were desirable in the interests of Great Britain in the established rules of International Law relating to the conduct of hostilities. Clearly at that date a peaceful post-war world was not in sight. There was another Committee, Sir John Macdonell's, convened by the War Cabinet, to deal with breaches of the laws and customs of war. This, if I remember rightly, was commonly known as the "Hang the Kaiser Committee." I was appointed to represent the War Office on this Committee on 23rd October, 1918, and, on the following day, was taken ill with tonsillitis. Before I recovered, the Armistice had been signed, and, on 4th December, I was elected, unopposed, the first Member of Parliament for the newly constituted Reigate Division of Surrey.

A month earlier I had addressed to the Electorate a letter which not only expresses the views which I and many others held at that time but may even serve as a warning to those who to-day are dreaming Utopian dreams and raising hopes which will, as I believe, never be fulfilled until a much happier atmosphere prevails in industry, and a higher conception is formed of its purpose. "The first thought in all our minds," I wrote on 30th October, 1918, twelve days before the Armistice was signed, "is to prosecute the war to a victorious issue. Peace may come suddenly through the crushing defeat of the enemy's forces or gradually as the effect of continuous and ever-increasing pressure, but, come when it will, it is necessary that it should come through victory and be crowned with the full fruits of victory. Had the German Empire emerged victorious from this war, no humiliation that greed or vindictiveness could inspire would have been spared this country. I have no fear lest the terms we may impose on Germany may be too humiliating; the danger is lest some spirit of quixotic generosity should induce our countrymen to lift the beaten enemy to his feet before he has paid the full price of his redemption and suffered the full punishment for his crime. In my judgment it is desirable to press the claims of Justice rather than of Mercy."

I forbear to comment on this prophecy further than to say that it might almost be read, in the jargon of to-day, as a plea for "freedom from fear." One for "freedom from want" followed.

2

"Once peace is secured," my letter went on, "our statesmen will be confronted with a task of supreme difficulty and supreme importance, the reconstruction of the social and economic life of the people. There is not a soldier or a sailor who returns from the war after having offered all for his country but will deserve, even if he does not expect, some consideration in return from the country. Those, too, who have perforce remained at home have, by their tireless devotion to duty, deserved not less well of the nation. It is essential that, in a bold and imaginative spirit of reconstruction, we should endeavour to fulfil the reasonable aspirations of all for better conditions of life both in their hours of labour and their hours of leisure."

After dwelling upon the urgent need for the provision of suitable housing accommodation, since, during war, construction cannot keep pace with destruction and dilapidation, "there seems no reason," I declared, "why we should not borrow ideas from the experience of the war. To-day the whole life of the country is organized for the purpose of destruction; in peace, it should be as easy to encourage capital and labour to seek employment in the organized production of vital necessities." In this connection, the need to encourage agriculture was stressed with a view to cultivating the land to its fullest capacity and so making this country less dependent for its food on external sources of supply. Such was my plan for Economic Security: it might now be described as a "planned economy for vital needs."

Much, my letter insisted, would depend upon the spirit in which the work of reconstruction was undertaken. "It would be calamitous," it continued, "if those who have returned from the front convinced of the need for discipline and co-operation in perfecting measures of destruction should gain the impression that there was no room for these virtues in the organization of the services of

production. *All* classes have contributed their share to the output of essential war industries; *all* classes must equally take their part in the task of increasing the productiveness of vital peace industries without which it will prove impossible to maintain the high level of wages now existing." This, it will be noticed, was a policy of "expanding production" or "expansionism." All the modern catchwords seem to have been anticipated!

"Other matters of pressing importance," my election address concluded, "are improved opportunities for higher general or technical education for all those capable of profiting thereby, the provision of increased facilities for transportation, the development of national and Imperial resources, and finally the improved organization of machinery for maintaining and strengthening the solidarity of the British Empire."

Such, broadly, were the methods I advocated twenty-five years ago for the achievement of National and Social Security. These hopes were not realized. They never will be realized so long as every individual, every vested interest, every "pressure group" and every nation continue, selfishly and ruthlessly, to seek exclusive benefits for themselves at the expense of others less favourably situated for the defence of their legitimate rights. Sacrifices are necessary from all classes in order to make good intentions prevail against selfishness and greed, and the richer the world market, spiritually and materially, the greater is the chance of individual welfare. In the years that followed the First World War discipline was lost in industrial strife and production crippled; while premature disarmament banished Justice and restored Terror to the vacant throne.

• 3

My election to Parliament naturally affected my position at the War Office, as I reverted automatically to the retired list. I had, however, been appointed to take charge of the international legal branch of the military section of the British delegation to the Peace Conference and, while I was considering whether my duty lay at Westminster or in Paris, the decision was taken out of my hands by the action of the War Office in withdrawing my name. I had already, as a member of the Home Secretary's Committee, suggested such amendments to the laws of war as I thought necessary and written a Memorandum giving my views upon the proposal to create a League of Nations.¹ After more than four years' close connection with propaganda against Germany, countering the enemy's efforts to undermine the spirit and faith of the British people, his openly avowed war aims were possibly more familiar to me than to most of our representatives at the Peace Conference, but doubtless I should have regarded them with the same indulgent incredulity. From 1927 onwards, however, after the publication of Adolf Hitler's *Mein Kampf*, there was no further excuse for ignorance or doubt about his fixed intention, first to bring all Germans within the Reich and then to acquire foreign territory by the sword. The "tears of war" are now, according to him, producing "the daily bread for the generations to come."

Similarly my long association with the economic war and intimate knowledge of its machinery might have been of use in giving the Conference a better idea of the real meaning of "economic sanctions," always supposing that the amateur

¹ See Chapter XVII., *infra*.

founders of the League would have listened to professional diplomats or soldiers.

Scarcely had I taken my seat in Parliament than I was engaged on work of some importance both inside and outside the House. In May, 1919, the Home Secretary, Mr. Edward Shortt, appointed me to be a member of a Committee, over which Mr. Justice Younger (now Lord Blanesburgh) presided, and whose task it was to consider applications for exemption from repatriation in the case of interned enemy aliens and to advise whether exemption should be granted. The other members were Sir W. Ryland Adkins, Major the Hon. Hugh O'Neill and the Hon. Alexander Shaw, all Members of Parliament, and, for a few weeks until called upon to go abroad on public service, the Hon. W. H. Cozens-Hardy, K.C., M.P. Most of the actively hostile aliens had already left the country. Of the 24,450 alien enemies who were in internment at the date of the Armistice, only some 4,300 remained. These were mostly oldish men who had lived here many years or those with British-born wives and young children, or whose sons had served with the British forces and who had themselves volunteered for work of national importance. Others again, though technically enemy aliens, belonged by origin or sympathies to Allied nations such as Poles or Czechs. Some had incurred a liability to be tried for treason if they returned to their own country.

In these circumstances no surprise will be caused by the statement that of these 4,300 Germans, Austrians and Turks who remained in internment although offered the alternative of being immediately released and allowed to return to their own country, all but about 400 were able to justify their claim for exemption from repatriation. In the end, therefore, out of the 24,450 interned enemy aliens, 84 per cent were repatriated, and only 16 per cent were permitted to remain in this country.

The Committee reported in October, 1919, and, two months later, the Home Secretary requested me to serve on the Advisory Committee which, under the Aliens Restriction Act that had just been passed, he was required to set up. Its purpose was to consider the application for permission to remain in this country of any former enemy alien, not already exempted from repatriation, against whom anyone might allege that it was undesirable that he should remain here, and also any applications for permission to return to this country received from former enemy aliens who had left behind them British-born wives and children.

All such applications need to be carefully scrutinized. It is open to argument whether even those aliens whose business abilities might be an asset in this country would not be better employed in their own country creating order out of chaos.

4

In October, 1920, the President of the Board of Trade, Sir Robert Horne, asked me to serve on yet another Committee. The other members were Lord Justice Younger and Sir Malcolm Macnaghten. Our task was "to advise upon applications from ex-enemy nationals for the release of their property chargeable in accordance with the Treaties of Peace within the limits laid down by His Majesty's Government." The amount of work thus thrown upon us may be appreciated when I mention that the limits mentioned above were varied in August, 1921; that we submitted an *interim* Report in May, 1922, as a conse-

quence of which the limits were again varied, and that, in August, 1923, the terms of reference to the Committee were extended as the result of further representations made by us. In 1922, Mr. Stanley Baldwin expressed the opinion that the work had been arduous but undoubtedly of very real usefulness and thanked us for all the time and labour which we had given to this piece of public service, and, in 1923, Sir Philip Lloyd-Graeme paid us a very handsome tribute in the House of Commons. Lord Justice Younger himself referred to our work as "burdensome, painful and prolonged." Such it certainly was, but it was necessary work and compensated, so far as I was concerned, by the pleasure of being so long associated with my colleagues in our common task.

The matters with which we dealt were very technical and gave rise to very difficult and delicate questions. As similar questions are sure to be raised again after the present war, it may serve a useful purpose to make some comment upon them. The difficulties arose out of Clauses 296 and 297 of the Treaty of Versailles, the operation of which undoubtedly caused great public uneasiness. Clause 296 governed the clearing office procedure in connection with debts. It applied expressly to debtor or creditor nationals resident in former enemy territory at the date when the Peace Treaty became effective. It should have been, but was not, stated whether he should have been so resident at the date when the debt in question was contracted. Clause 297, which placed an embargo upon the property rights and interests in this country of a former enemy national, who was such on the date when the Peace Treaty with his Government became effective, became applicable whether the nationality was constituted by birth or only by marriage, and whether the national had lived in this country all his conscious life and was still living here, or had never been out of his own country, or whether he had fought for us or against us. Circumstances which, during the war, would have secured for him exemption from internment or repatriation were of no avail, in peace, to secure the preservation of his British property. Under the Treaty the former enemy Power concerned accepted the obligation to compensate its nationals for the value of the property so retained. The failure of a Power to make adequate compensation created the ensuing injustice, and the failure was almost universal. Austria could not and Germany would not pay.

Such injustices were very real. The property here of a German woman married to an Englishman on 9th January, 1920, was exempt, even if she had only just entered this country: the property here of an English woman married to a German on the same date was retained which, in practice, owing to the action of the German Government, meant confiscated, though she had never left this country. There were many similar anomalies, operating with the greatest degree of harshness in cases where it would have been the desire or interest of this country that they should not operate at all. This state of affairs, for which Great Britain was in no way responsible, certainly did not redound to our international financial credit, and our Committee made strong representations to the Government to the effect that Germany should, if possible, be compelled to observe her obligations under the Peace Treaties and pay reasonable compensation to her nationals. If this were impracticable, the Committee made other recommendations with a view to relieving from a total loss of their property those former enemy nationals for whom this country is most concerned by sympathy or interest, such as, for example, British-born ex-enemy nationals whose nationality was acquired solely by reason of marriage. These were mostly married women whose property consisted generally of trust funds settled

on them on their marriage. There were, however, many other cases of great hardship such as repatriated German governesses whose property consisted of their life's savings.

When the next Peace Treaty is drafted, any analogous clauses should be very carefully drawn. Our Committee would, I think, have wished to be more generous in their exemptions. Our recommendations in German cases up to 30th June, 1923, numbered 983 in all and averaged about £280 each, a total exemption of little more than 1d. in the £ of the capital value of the property sized. Many of the cases with which we dealt were heartrending in their appeal.

5

These matters are mentioned here because they will need attention on the conclusion of hostilities. Their cumulative effect upon British prestige is not to be ignored, but they cannot be accounted of major importance. The rocks upon which the ship of peace foundered, and which it is the main purpose of this book to chart were, in home waters, inflation followed by too rapid and drastic deflation, strikes and industrial unrest with consequent loss of production and the bitter strife in Ireland. Upon these the Coalition Government split. Political dissension and disunity followed just when national unity was essential to economic stability and social welfare.

In more distant waters our hopes were wrecked upon a reef around which many dangerous currents swirled and eddied. The League of Nations commanded no organized forces yet gave so false a sense of security that Imperial Defence and national safety were alike neglected.

CHAPTER XIV

IMPERIAL DEFENCE

"IMPERIUM ET LIBERTAS, RES OLIM INSOCIABILES"

(*Empire and Liberty, things once incompatible.*—CICERO and TACITUS)

1

OVER THE BRITISH EMPIRE THERE FLIES A FLAG WHICH NOT ONLY SYMBOLIZES THE political union of widely scattered lands but, consecrated to the service of peace, has covered and, until recent times, protected territories at all stages of political development. Under the folds of the Union Jack or of flags charged with the Union Jack peoples of our own race and of many other races have worked together and played together, rejecting the idea of federating into a single Parliamentary union but united in a free world-wide brotherhood under the sovereignty of the Crown. Ten years in India, mostly on the frontier, and nearly three in South Africa, when that country was torn by war and civil strife, have instilled in me an admiration for the conscientiousness of our administrators and a faith in the ethical standards that have governed their actions which no self-righteous rhetoric from ignorant critics can shake. My belief in the

splendid destiny of this glorious Commonwealth of Nations was confirmed by the achievement of troops from every corner of the Empire in the First World War: it is being renewed every day in the present war. Spontaneously, with one accord, all the nations of the Empire are devoting their effective resources in men and women, money and material to the task of liberating the world from the New and Greater Terror. In such collaboration sympathy and understanding grow ever deeper.

My main desire originally in standing for Parliament was to advocate the closer union of the Empire for the purposes of defence, foreign policy and trade. I was anxious that the self-governing Dominions should be welcomed to a full partnership with the United Kingdom on equal terms. The prolonged negotiations, which had ultimately resulted in the scheme for Imperial cable censorship in the event of war, had led me to think that there should be a permanent consultative body charged not with any executive powers, but with the duty of initiating such agreements between Great Britain and the Dominions on all important matters of common interest, and submitting them to their respective Governments for ratification or rejection.

When, in 1916, the project of the League of Nations was first mooted, a prior step should, I thought, have been the constitution of an Imperial Council to strengthen the ties of Empire by every possible means and, above all, to keep Great Britain and the Dominions in closer touch on questions that concerned the Empire as a whole. In March, 1917, I wrote a Memorandum in which I advocated the separation of the Imperial services, viz., foreign policy, trade and defence, from those of the United Kingdom, and the creation and association with those three departments of a new Department of Imperial Organization as a co-ordinating instrument for the purpose of studying such administrative questions as affect the whole Empire, planning schemes for Imperial co-operation and recommending appropriate action. It was suggested that the nucleus of this latter department might be found within the existing Imperial War Cabinet secretariat. Its main function would be to act as a thinking department. It would be an advisory body, supplementing but not superseding the existing consultative machinery and without any executive or legislative powers.

Two months later, on 17th May, 1917, Mr. Lloyd George announced to the House of Commons that the experiment of an Empire Cabinet had proved so successful that it had been resolved to give it a permanent place in the Government of the Empire so as to secure "continuous consultation" about Imperial and foreign affairs between the "autonomous nations of an Imperial Commonwealth." But alas! after peace had been signed and the British Empire delegation at the Peace Conference dispersed, the Empire Cabinet vanished like a forgotten dream.

The late Sir John Norton-Griffiths—"Empire Jack," as he loved to be called—was as deeply interested in all these schemes as I was, and we both thought that in the past there had been enough talk and that something ought to be done. Accordingly, on 6th July, he invited me to meet Captain (now Lt.-Colonel The Rt. Hon.) Leopold Amery and Major (afterwards Lt.-Col.) Lancelot Storr, both of whom were then serving with the Imperial War Cabinet, in order to discuss the whole question of Imperial organization. We were all agreed that the wisest course would be, as a first step, to concentrate on obtaining a Dominions Office, separate from the Colonial Office, to form the nucleus of the organization we sought to establish, and Amery consented to draft a memorandum, embodying the arguments in favour of so doing.

So cogent did these arguments prove, and such was the support that they received from Philip Kerr (afterwards Marquess of Lothian), who was then of the Prime Minister's secretariat, and many others, that in 1925 the Dominions Office became an accomplished fact.

2

Other dreams of mine have not been so fortunate, and remain but "light imaginings." In pressing upon Lord Beaverbrook in March, 1918, the need to imperialize the Foreign Office, I remember suggesting that there could be no good reason why some great Canadian should not be appointed British Ambassador and represent Imperial interests at Washington, nor a great Australian fill a similar position at Tokyo. Once the Commonwealth became a partnership of free and co-equal nations, it seemed to me that the highest Imperial Offices should be open to men of distinction anywhere within its borders, that each constituent part should nominate representatives on the Imperial Council of State, and that these, being in close touch with their own Governments and responsible to their own Parliaments, should form an advisory, consultative and collaborative body on Imperial affairs. The New Zealand Government had, in fact, put forward such a proposal at the Imperial Conference held in 1911. There was, of course, no thought of any interference with the complete autonomy of the Dominions. The idea of an Imperial executive or Cabinet responsible to an Imperial legislature or any other scheme of formal federation, though academically attractive, did not appear practical, desirable or necessary. To me collaboration seems preferable to federation, but in any case so large a question could not be raised during the war. Unfortunately, it proved too difficult to face during the subsequent peace in spite of more than one effort to raise it in Parliament, that institution so well defined as "a meeting for deliberation."

In December, 1919, *The Times* published a letter from me on the question of Imperial policy and the lines of its development. Service Members of Parliament were demanding a Joint Imperial General Staff, and I pointed out that it already existed in the secretariat of the Committee of Imperial Defence, which was established for the very purpose of ensuring the proper study of the larger questions of Imperial Defence and to provide the Defence Committee with an organizing centre and permanent facilities for conference and record, thus enabling its members to co-ordinate and harmonize the naval and military policy of the Empire. The secretariat already comprised naval, military and air experts and there was no reason why representatives of the Dominions should not be added. I then suggested that the immediate need was the creation of similar organizations for the study and co-ordination of Imperial policy in other directions. "We need urgently," I wrote, "an Imperial Committee of Foreign Affairs, an Imperial Committee of Trade and Commerce and an Imperial Committee for harmonizing, by negotiation, the policy of each component State of the Empire in regard to such other questions as e.g., Colonial administration, intercommunication, naturalization laws, aliens legislation, etc. Eventually I hoped these Imperial Committees would become sub-Committees of an Imperial Council on which each Dominion would be represented on terms of equality with the Motherland. "I view with grave concern," I added, "the fact that there are no representatives of the Dominions in the

Imperial Parliament where their presence would give a higher sanction to Imperial policy while, in the League of Nations, where surely a united Empire should speak with one voice, they sit each for his own Dominion, and not, as they should, for the whole British people." Since it was possible to create a Council and an Assembly for a League of Nations, it should not have been beyond the capacity of British statesmen to create, for our peace-minded Commonwealth of Nations, at least a Council of Empire consultative but not executive, where every aspect of foreign policy, trade and defence could be discussed and joint action be planned in all those matters in which the views of the several nations of the Commonwealth were found to be identical.

In June, 1921, the adjournment was moved in the House of Commons to give Members the opportunity of discussing the Imperial Conference, which was about to meet, and its objects. It had been announced in *The Times* that the Conference would mark an important development, the beginning of a definite system of Empire Government, in peace, by an Imperial Peace Cabinet, which would be not merely consultative but a governing body for the Empire, thus fulfilling, so it was said, the forecasts made during the war by Sir Robert Borden and General Smuts. That is more than twenty years ago, and nothing more has been heard of the Peace Cabinet. I spoke briefly in the debate, pointing out that there was room for doubt in the chanceries of Europe and in America as to the exact effect on the external relations of the Empire of the change in the status of the Dominions. Nor was an identical view entertained in the Dominions themselves. There were quarters in which the widening of divergencies of opinion between the component parts of the Empire would not be seen with displeasure. It should be the immediate task of statesmanship to restore the doubts and compose the differences. The task of the immediate future was to devise some simple and elastic machinery to enable the general will of the sovereign nations of the Commonwealth to be ascertained with greater facility; to give direction to the unanimous purpose of the Empire, when determined, without friction between its constituent parts, and to strengthen, develop and harmonize its mutual interests and ideals, while jealously safeguarding the autonomy and independence of every nation in the Commonwealth.

3

Words, words, words, but little done. In this connection it is interesting to recall what was being said and written as long ago as 1911. In that year there was published in *The Times* an article headed, "The Crux of the Imperial Conference." The last Colonial Conference had been held. This was the first Imperial Conference, a conference between the Governments of five self-governing nations of equal status within one Empire about their common interests. Now a new "common interest" transcending all others had been created: how "to protect themselves from external aggression and to safeguard their national fortunes in the outside world." The writer of the article declared: "This is the importance of the present Conference. For the first time foreign relations and defence will be the main subject of discussion." He went on to state that two events of first-class importance had occurred since the Conference of 1909. One was the hope that the Dominions Government would transfer their navies automatically to the control of the Admiralty on the outbreak of war had not been realized; the other the publication of Admiral Henderson's report proposing

the creation of an Australian Navy to consist of eight battleships, sixteen cruisers, eighteen destroyers and twelve submarines together with a number of minor vessels. "Is it likely," asked the writer, "that the Dominions will spend large sums on building dreadnoughts and leave foreign policy in the hands of Great Britain alone? . . . The Conference itself will not do an hour's real work without finding that the first business it has to decide is how five nations are to co-operate for foreign affairs and defence. . . . If it does not face the new problems . . . our foreign relations and defensive preparations are bound to drift into a state of chaos which may gravely imperil the safety of the Empire and the parts of which it is composed."

And that was written thirty years ago! I am not aware on what grounds or under what influence the question of Imperial organization came to be at first shirked and finally shelved. The Constitutional Conference, promised in 1918, has, so far as I know, never met. Lord Milner in 1921 had expressed the opinion that nothing would "ever be done to organize this Empire partnership by proposals emanating from Great Britain. The impulse has got to come from the Dominions."

Mr. Austen Chamberlain in the same year, speaking for the Government, thought it was true that the initiative in change or in progress must come from the Dominions, and that if they had any suggestions to make they would appeal to no unfriendly ear. Presumably the Government of the United Kingdom is still awaiting suggestions, for the right of the Dominions to an adequate voice in foreign policy and in the determination of concerted action was fully recognized by Resolution of the 1921 Conference. Now, as I write, there is many a voice to be heard urging the revival of the Imperial War Cabinet. It is to be hoped that this may ensue and that when peace comes, the machinery for consultation and common action in foreign policy, Empire development and defence will not again be scrapped or allowed to rust. Their right being admitted, it is for the Dominions to insist on its exercise.¹ Unless unity by association is maintained as closely in peace as it has been in war, the Empire will assuredly fail to exert an influence on the trend of social progress commensurate with the strength and value of its democratic ideals.

4

Sir Hanns Vischer, the distinguished Swiss-born explorer and educationist, was recently moved to protest against those disgruntled Englishmen who are ever ready to traduce their own countrymen and defame the British Empire. "Through political history," he said, "there has never been a force so strong and at the same time so beneficent as the British Empire. Only an ill-informed person could decry its virtues or seek to check its power for good." Lord Bennett has borne similar witness. He deplores the ignorance of young people and their teachers in regard to the Empire and observes that it should be regarded as a sign of mental and moral decay to speak against it. There is no worse offender in this respect than Mr. H. G. Wells, and no better example of his unfortunate bias than his attack on British officials and soldiers engaged upon their difficult and often dangerous duties in India.²

¹ Since this was written, Mr. Curtin, the Australian Prime Minister, has put forward a plea for a permanent Empire Council.

² See *The Outline of History*, pp. 521 and 578.

Early in July, 1920, there was a debate in the House of Commons upon the serious disturbances that had occurred in the Panjab, and General Dyer's action at Amritsar was called in question. As I had spent many years in India, I could appreciate and respect the Indian point of view, and realized the immense importance of holding the scales of justice equal and of not allowing racial prejudices, whether sympathetic or antipathetic, to tip them either way. I was, moreover, the only Member of Parliament who had had any practical experience of enforcing Martial Law, and had, therefore, hoped to be allowed to speak. I knew that, though in some respects General Dyer's conduct had been ill-judged, yet he had had to confront a very alarming situation, had in fact quelled a very dangerous disturbance, and on the most serious of the charges against him, viz., that he had persisted in firing on the crowd after the necessity for such an extreme measure had passed, had been condemned not so much for his action in exceptionally difficult circumstances as for the ill-considered explanations which he had offered many months later, when he was in no fit state of health to be submitted to an unfriendly cross-examination. I had assisted in preparing his defence and can testify to this fact.

Before Mr. Edwin Montagu, then Secretary of State for India, rose to speak, I had appealed to him to refrain from saying anything that could exacerbate opinion but rather to pour oil on the troubled waters. He had assured me earnestly that he had no intention of uttering one acrimonious word, yet he had scarcely risen to his feet before he was accusing General Dyer of terrorism, and those who, rightly or wrongly, thought his motives had been misjudged, of supporting a policy of terrorism. Sir William Joynson-Hicks and I, as a protest against this mischievous misrepresentation, acted as "tellers" against the Government in the Division that followed. If General Dyer had declared, as he could with truth, that he ordered his small party to fire when the situation became dangerous, continued to fire while it so remained and ceased firing only when he considered it safe to do so, his conduct could not have been questioned. The duty is laid upon an officer in such an emergency, under "the doctrine of minimum force," as it is called, to use just so much force as is necessary, no more and, be it remembered, no less, in order to assist the cause of law and order. He can be tried for doing too little as well as for doing too much. How dangerous an Indian mob can be, even though armed only with *lathis* (staves), was proved two years later when a sub-inspector of police and twenty-one constables were burnt alive, and quite recently, as stated by Sir Sultan Ahmed in the Indian Legislative Assembly,¹ many others have suffered the same fate, or have been brutally beaten to death with the *lathis* which Mr. Wells and other armchair innocents think so harmless.² Unfortunately, General Dyer, as a result of his experience, had become *exalté*, and invited a charge of "frightfulness" by declaring in effect that he continued to fire in order to teach a moral lesson to the Panjab. I may add that Mr. Montagu afterwards regretted his speech and explained to me that he had fully intended to keep his promise, but, as soon as he began to speak, he had been carried away by his feelings. The resulting mischief was and remains incalculable.

¹ See *The Times* of 25th September, 1942.

² Mr. Wells and others of the school of "my country always wrong" refer to the happenings in the Jallian Wallah Bagh as "a massacre." In the light of this evidence of a mob's proneness to brutality, fair-minded critics must now acquit General Dyer even of an error of judgment.

5

A Select Committee convened by the Speaker on my initiative with the strong support of Sir Howard d'Egville, Secretary of the Empire Parliamentary Association, has forged a new link between the Mother of Parliaments and the Parliaments of the Empire. It secured the dedication of a separate bay in the gallery of the House of Commons to the exclusive use of distinguished visitors from the Dominions and Crown Colonies. When I entered Parliament I was shocked to discover that while there was a bay set apart for Ambassadors and distinguished foreign visitors, members of British Parliaments overseas who desired to attend a debate had to apply for a ticket in the same way as any stranger. I felt deeply concerned that there was no place where they could sit as a right, and was delighted when the Select Committee recommended and the House agreed to a more courteous and hospitable arrangement. A small matter, perhaps, but the knowledge that I was instrumental in obtaining this privilege for our friends from overseas has given me possibly more satisfaction than anything else I was able to achieve as a Member of Parliament.

CHAPTER XV

THE IRISH CANKER

"AMARIS LITIBUS APTUS"
(*Prone to bitter strife.*—MARTIAL)

1

THE "SOLIDARITY OF THE BRITISH EMPIRE" IS A MEANINGLESS PHRASE WHILE THERE is discord at its heart. In the King's Speech at the opening of Parliament in 1919 mention was made of Ireland in these words: "The position in Ireland causes me great anxiety but I earnestly hope that conditions may soon sufficiently improve to make it possible to provide a durable settlement of this difficult problem." The problem was, indeed, in the form in which it presented itself at the end of the First World War, insoluble, yet Mr. Lloyd George's Coalition Government was doomed to sterility unless and until it could be solved.

Those who write of Ireland and the Irish are wont to delve deeply into a remote past: many would trace the history of their hatred of the English, a hatred which, curiously enough, the English have always declined to reciprocate, back for over 700 years to the Norman invasion of 1167; others to the Tudor Plantation of Munster in 1586 or to that of Ulster in 1608 which sowed the seeds of the partition of Ireland. One thing is certain: the execration in which Cromwell's name is held will never pass into oblivion. To come to modern times, I cannot carry my own retrospect back even to 1906, for I was not then in political life. Early in 1911, however, having fought an election unsuccessfully in the Thornbury Division and still being the prospective Conservative candidate, I was under an obligation to study the implications of Anglo-Irish relations since it was a burning question. It was my contention then that Ireland could prosper only in the closest association with the United Kingdom, that devolution

was impossible except through the frank acceptance by Irishmen of the principle of union and that every argument in favour of Home Rule for Ireland could logically be used with equal force in favour of Home Rule for Ulster. But what appeal does logic make to the heart and soul of a people? In 1913, when Mr. Asquith was being pressed to indicate the lines on which he thought a settlement by consent could be reached, I wrote that there were only two courses open to the Government, either to find some solution other than civil war or to make room for those who could. Mr. Bonar Law had just suggested the alternative of "devolution all round," and I wrote: "If a basis of agreement can be found on the lines suggested, the first step that must be taken is the withdrawal of the present Home Rule Bill and the assembly of a conference, representing, as was the case in South Africa, every party in every one of the four countries concerned." In April, 1914, I wrote: "Surely it is inconceivable that, in the twentieth century the Government of a civilized community, which has taken a leading part in establishing International Courts of Arbitration, so as to minimize the risk of war between separate nations, should embark lightly on a policy of internecine strife without having made every effort to secure a peaceful settlement." In May, 1914, I declared that if "Ireland a Nation" is to mean anything, there must be conciliation between North and South: I saw no chance of a united Irish nation unless such a settlement could be reached by consent.

In order to form a correct judgment of the temper of the northern counties, I had accepted an invitation to visit Ulster Military Headquarters at Baronscourt, and had seen the men encamped in the Park. They looked a very serviceable lot, armed with modern rifles, dressed in uniform, well drilled and disciplined. I made a tour of the north, visiting town and country and taking every opportunity of talking to the people in factory and field. I formed the opinion that they were in deadly earnest, that they felt their civil and religious liberties to be imperilled and that they were determined to make a resolute stand in defence of them. It was clear that any attempt to coerce Ulster would be met by fierce resistance.

When the war came, a great opportunity was missed of bringing North and South together by uniting them in friendly comradeship. Mr. Winston Churchill speaking in the House of Commons in May, 1938, has testified that "the people of Ireland, North and South, threw themselves most heartily into the defence of the common cause."¹ The General Officer Commanding in Southern Ireland assured me that, thanks largely to Major Willie Redmond, recruiting for the Irish regiments was booming, their colours were being worked by Irish girls in the convents and the priests had expressed their willingness to bless them and lay them up in the churches till the war ended. Suddenly all this was at an end. A cold blast, not from England but from the North of Ireland, killed the budding flowers of comradeship and service. It was alleged, falsely as I believe, that the Southern Irish regiments, if they went abroad, would go over to the enemy, and the War Office was induced to issue a foolish order, stopping the raising of the force. Even then thousands of Southern Irishmen had enlisted voluntarily and served loyally. In 1916 came the rebellion. I was at that time immersed in my own duties, which did not bring me into touch with the administration of Martial Law nor the suppression of rebellion in Ireland. It was not until the war was over that the question forced itself upon me as a Member of Parliament. The state of Ireland was appalling. In

¹ *Into Battle*, p. 2.

Southern Ireland the mass of the population was terrorized, covertly conniving at every kind of outrage and unwilling or unable to lift a finger to sustain the law. Powerless to stand openly against the forces of the Crown, or to control the desperate gunmen who for their own purposes indulged in an orgy of outrage and murder, the leaders of the rebellion conducted a guerilla warfare by means of arson and ambushes scarcely, if at all, distinguishable from murder. Their followers were estimated to number about 30,000 men. The more extreme and unscrupulous section had but one objective: the establishment of an Irish Republic throughout Ireland in complete independence of the British Empire. Though it was even then probable and later became certain that many of those in rebellion, probably the majority, would have accepted a more moderate solution, so real was the terror inspired by the gunmen that nobody in a responsible position had been found willing to sponsor or support any more reasonable proposal, and his life, if he had, might not have been worth a day's purchase. Such was the position with which the British Government was faced. The Prime Minister had announced in August, 1920, that its proposals were embodied in the Government of Ireland Bill but that he would be prepared, in consultation with any properly accredited Irish spokesmen, to consider any other proposals so long as they preserved the safety of those loyal to the Union, the security of the British Isles and the integrity of the Empire.

2

During the early months of 1920, various alternative suggestions were made, but no progress was made, the condition of affairs in Ireland became steadily worse, British soldiers were being murdered, their fair fame tarnished by acts of "the Black and Tans" for which they were not responsible and which they detested, and nothing effective was being done to restore order. On 9th September, I wrote a letter to *The Times* in which, reviving the proposals which I put forward in 1914, I declared that what was wanted was "a convenient and honourable means of negotiating with the majority of the Irish people a new Constitution for Ireland, acceptable to them and imperilling neither the liberties of the minority nor the security of the British Isles." I, therefore, suggested a conference between accredited plenipotentiaries on the analogy of the normal means of negotiating conventions between nations at peace to settle the terms of the new constitution. The Editor of *The Times*, Mr. Wickham Steed, thought that the moment was not then propitious for the preaching of "sweet reasonableness." Shortly afterwards, however, Lord Grey proposed a solution of the problem, which de Valera, in an interview given to *The New York Times*, rejected on the ground that it insisted "on claiming the right to circumscribe the legitimate liberties of the Irish people and deprive them of that independence to which Sovereign States are entitled." He added that the problem could be solved only by a Treaty of Peace signed by the accredited representatives of the two peoples on the basis of the mutual guarantee of Irish independence and British security. This proposal was so similar to my own in appearance if not in intention that I begged Wickham Steed to publish my views, which he agreed to do, adding: "the more tersely you can put them the better, because pressure on space is very severe." My letter was published on the 8th October, 1920. The need for compression explains much subsequent misunderstanding of my own position. I wrote, also, to the Prime Minister,

enclosing a memorandum which I had written a month earlier. I observed that, since then, the situation had steadily deteriorated, that a new offer to Sinn Fein seemed to be impending, that every definite offer of terms appeared to me a "profound tactical blunder" as well as an "unavailing surrender to violence." I then mentioned de Valera's interview, to which I have referred above, and remarked upon his use almost of the very words of my memorandum, but that "he then goes on once more to dictate the basis of his peace." "This," I said, "is where he and Grey and Morley and Asquith are all wrong. The ultimate terms of peace must be the best that can be obtained by both sides by means of negotiation and mutual concessions. The plenipotentiaries must sooner or later meet. Every day that passes makes ultimate settlement more difficult. Why should they not start at once before Asquith has time to propose a still more complete capitulation to terrorism?" "The offer to Sinn Fein," I concluded, "should be a truce and an immediate meeting of plenipotentiaries to find a basis of settlement. Failing acceptance, a state of war which has been declared by Sinn Fein to exist, and in fact does exist, should be recognized as existing. For pity's sake, let the troops have either peace or war." As Mr. Winston Churchill has since recorded, there were but two alternatives, war with the utmost violence or peace with the utmost patience.

3

My memorandum expanded the same thesis. As eventually Mr. Lloyd George's Government adopted my proposal and secured the settlement that followed within eight weeks, a brief epitome of it is essential to a proper understanding of the events that followed. The Prime Minister had stated that signs were not wanting that Ireland was reconsidering the extravagance of its demands; and that a feeling was growing up in Ireland that its leaders were seeking the impossible and would get only anarchy, of which the Irish people would be the chief victims. He was, he said, watching events anxiously but not without hope, and always with an intense desire to negotiate peace between the two peoples. At the moment he saw "no fair prospect of a satisfactory measure of conciliation acceptable to both peoples."

After a reference to this statement, my memorandum continued: "The immediate problem, then, seems to be how to accelerate the discovery of such a measure. The method invariably adopted in the past has been for the Government of the day to put forward a solution which it deems reasonable and which it thinks it can carry through the House of Commons; and to endeavour to get the representatives of the Irish people to accept, not perhaps in their entirety, provisions dictated in effect by the majority of the House. If one scheme fails to please, another is substituted. Even now, moderate opinion, leaning towards Dominion Home Rule, is engaged in formulating a new solution, while the House of Commons itself is wrestling with a measure that pleases nobody."

"I believe," it went on, "all such attempts to be foredoomed to failure. The method is wrong. Instead, representatives of the peoples ought to be induced to meet and permitted to be the architects of their own future. . . . Two methods have never yet been tried: one, the normal means of making peace after war; the other, of negotiating conventions or treaties between nations at peace.

"As regards the first, peace, as we used to hear, may be dictated or negotiated.

The temper of the times will not tolerate harsh or unconscionable terms dictated by the victor, so that a negotiated peace is to-day inevitable, even after war. If, therefore, there were overt war in Ireland, the peace treaty must eventually come to be negotiated by envoys and ratified by peoples. This implies conciliation and unanimity. When de Valera says: 'If the British Prime Minister chooses to send envoys to meet the envoys of the Irish Republic to negotiate a treaty, I should be quite willing to do so,' he is proposing negotiation. But when he adds: 'I would not think of anything short of Cuban independence,' he is merely expressing his willingness to dictate a victorious peace. This will not do. In some way or another he must be induced to negotiate without conditions, or, in other words, to drop the pose of a victor and to give his envoys a free hand to negotiate the best and only enduring kind of peace, a peace fair to both parties.

"How is this to be done? The answer seems clear: by asking no more than we are prepared to offer. Why not seek a solution in the second and better of the two untried alternatives, the normal means of negotiating Treaties and Conventions between peoples at peace, a Conference of their chosen Plenipotentiaries? As one of the British delegates at the Hague Conference, I know that, in such an assembly, dictation is out of place, and the spirit of negotiation, of diplomacy, which prevails works miracles in harmonizing apparently divergent interests. Conciliation is the means, unanimity the end. Can we not proceed on the analogy of an International Conference and negotiate the new Constitution of these islands by means of fully-accredited Plenipotentiaries, chosen, in order to strengthen their authority, by the Parliamentary representatives of the peoples concerned and *untrammelled by stipulations, reservations or conditions on either side?*"

I urged further that "Once the Plenipotentiaries have agreed on the provisions of the new Constitution, the result of their labours should be submitted, in the usual way, for final acceptance or rejection, to the Parliaments of the contracting peoples, convened, if necessary, for that purpose. In that case, those who made the Treaty will not, it may be expected, be the least zealous advocates of their own handiwork."

4

On 10th October, two days after *The Times* had published my letter, Mr. Arthur Griffith, acting President of Sinn Féin, replying to the Prime Minister, who had made an uncompromising speech in which he had even suggested that a free Ireland might raise an army to destroy England, declared that Mr. Lloyd George would not succeed by distortion and falsehood in obscuring the issue at stake, and added: "If there be any reason left in England, any real desire for peace with honour and security, not such malignant absurdities, but proposals such as those made by Brigadier-General Cockerill, M.P., would be their guide." In the report of these words my suggestion was quite accurately stated to be "that the question of relations between Great Britain and Ireland is a matter for negotiation under conditions that cannot wound the susceptibilities of the majority of the Irish people," and that the negotiations should take the form of an international conference between the two Governments.

On 21st October, an Irishman, Mr. P. Moylett called on me at the House. He said he was a merchant, a Sinn Féiner, a person of some little influence

though not perhaps of the first rank. He told me he had come as an unofficial ambassador or envoy with Mr. Arthur Griffith's approval, though not with written credentials, to convey to me a message from that gentleman. It was to the effect that the Prime Minister could have peace with Sinn Fein whenever he wished on the lines of my letter to the *Times*. Actually Mr. Moylett occupied a position of greater responsibility than his modest claim implied.

I informed Wickham Steed of this visit and begged his support. I asked at once for an interview with the Prime Minister and gave him the message, and added some information given me on his own authority by the envoy, as representing the views of the Sinn Fein leaders. It was to the effect that, by the means I had indicated, a new constitution determining the future relations of Great Britain and Ireland could be framed which would be acceptable to the Irish majority and yet would imperil neither the authority of the Crown nor the liberties of Ulster nor the security of the British Isles; that the word "Republic" should be interpreted with understanding, since it merely represented a break with the existing form of constitution; that Ireland had always been a Kingdom, had never looked elsewhere for a King and had never uttered a word of disloyalty to the throne. If only Ulster would join with them in a spirit of conciliation to seek a settlement by consent, there was practically no limit to the concessions they would be prepared to make in order to assure her religious and political liberties. Ireland could afford no such luxuries as an Army or Navy. She certainly attached importance, however, to securing fiscal autonomy. The envoy added that the chief merit of my proposal in the eyes of Sinn Fein lay in its spirit: the terms of peace must be negotiated, not dictated. All this I reported faithfully to the Prime Minister, who said that my proposal was premature and that "we must break a few more of their heads first." I also informed Sir Hamar Greenwood, then Chief Secretary for Ireland. As, however, it seemed desirable to have something more tangible to convince them that Sinn Fein was serious in its desire for a negotiated peace, I spoke in that sense to the envoy, who was returning to Ireland. A fortnight later, he reappeared with a letter, dated 16th November, addressed to himself and signed by Arthur Griffith. It repeated the substance of my proposals and added that, if they were accepted by the British Government, Dail Eireann would accept them and a cessation of all activities that might hamper the assembly and sittings of such a conference could be speedily arranged. Unfortunately, on 21st November a number of British officers were foully murdered in Dublin, an outrage which, it is more than likely, was committed with the express purpose of thwarting the peace overtures.

By this time the envoy was in direct touch with the Prime Minister's secretariat, and, in reporting Arthur Griffith's communication to Hamar Greenwood on 26th November, I let him know that I was aware of this fact. I added that the letter, if genuine, would seem to be that expression of opinion for which the Prime Minister was looking from a responsible representative of the Irish nation, and hoped it might help him towards the peace for which he was working. On that very day, however, Arthur Griffith was arrested. The position was becoming very difficult.

On the 2nd December, I saw Mr. Bonar Law and explained the situation and the fundamental difference between my proposals and those of Lord Grey, Mr. Asquith and others. The latter, however perfect they might seem to be, were like bones thrown to a dog under the table, while mine contemplated Englishmen and Irishmen seated at the same table. Bonar Law, as usual, was

pessimistic but conciliatory. He thought Arthur Griffith spoke only for himself and feared that, if the conference failed, it might be difficult to resume coercion. I had anticipated this argument and mentioned to the envoy the desirability of some corroboration of Arthur Griffith's letter from a responsible Sinn Féin body, and he had replied that this could easily be arranged. It was; and nothing could have proved his *bona fides* more completely, for, on 5th December, *The Times* published a resolution of the Galway County Council (not by any means the most pacific) which asked Dail Eireann to appoint three delegates with power to negotiate a truce with an equal number of delegates of the British Government and to settle preliminaries of peace honourable to both parties. As bad luck would have it, just about the same time, Mr. Lloyd George made a speech in which he said that "the country is not going to be beaten by a gang of murderers." He had, moreover, apparently tried to get into touch with the leaders of Sinn Féin through another channel, and Michael Collins, who was being hunted from pillar to post, had formed the opinion that he was being "double-crossed."

By arresting Arthur Griffith and driving Michael Collins to desperation—the two men who later gave their lives for the Treaty—whoever issued these orders left the Prime Minister no chance of immediate peace.

CHAPTER XVI

THE IRISH TREATY

"PROCL HINC JAM FœDERA"
(*Far hence now treaties.*—LUCANUS)

1

HAD THE GOVERNMENT ACCEPTED MY PROPOSALS AT THAT TIME, THEY MIGHT possibly have obtained a more permanent settlement than they subsequently did. There is no doubt that Arthur Griffith, Michael Collins and Dail Eireann were aiming at a united Ireland as a nation entirely independent of Great Britain in matters relating to their own domestic affairs but were quite willing to negotiate an agreement with Great Britain by which the international concerns of the two countries—foreign affairs, trade, defence and communications—could be dealt with for their mutual security and advancement. These indeed are Michael Collins' own words and he showed statesmanship and vision of a high order when, exhibiting a rare comprehension of the forces which are reshaping the modern world, he declared that "in the creation of the Irish Free State we have laid a foundation on which may be built a new world order." "There is now an opportunity," he said, "of establishing a League of Free Nations such as General Smuts said would be necessary to secure the support of South Africa in any association formed for the maintenance of world peace. We can begin by bringing Great Britain, the Dominions and Ireland into an association of free nations. . . . Such an association, in effect a League of free nations, would be a novelty but it would be such a novelty as the world is now looking for to end for ever the internecine strife that has torn it asunder for so many ages. And would not America, bound so closely by blood ties

both to Britain and to Ireland, be willing to enter such a League? . . . Ireland would be a link to join America and Britain. And with America in this League of free nations, what country would wish to stay outside?"

I gather, too, from Lord Midleton's book, "Records and Reactions," that a majority of Southern Unionists desired to see their country undivided and in close union with the British Crown, and, about the same time, in the south-west of England, Sir Edward Carson was saying much the same thing. Declaring that no one in the world would be more pleased than he to see an absolute unity in Ireland, he made this offer: "If the South and West of Ireland came forward to-morrow to Ulster and said: 'Look here, we have to run our old island and we have to run her together, and we will give up all this everlasting hatred of England and we will shake hands with you and you and we together within the Empire doing our best for ourselves and the United Kingdom and for all His Majesty's Dominions, will join together,' I will undertake that Ulster would accept the handshake, for the sake of this country and our own and the whole Empire." If there was any real gulf between Michael Collins and Sir Edward Carson, it should have been bridgeable by wise statesmanship.

Another point much in my mind was the historical fact that the Act of Union, as its preamble discloses, was a treaty between two separate Kingdoms, the Kingdom of Ireland and the Kingdom of Great Britain, and the Renunciation Act (23 Geo. III c. 28) enacted that the right claimed by the people of Ireland to be bound only "by laws enacted by His Majesty and the Parliament of that Kingdom . . . shall be and is hereby declared to be established and ascertained for ever and shall at no time hereafter be questioned or questionable." That right, moreover, is fully accorded to the Dominion Parliaments.

On 21st February, 1921, in the debate on the Address, the Irish question was naturally much to the fore. Horror had been piled upon horror. Cork City had been burnt presumably as a reprisal, and things were going from bad to worse. I, therefore, asked Mr. Whitley, the Speaker, to call me if possible. He said he would, but hoped that fifteen minutes would be enough. In that time I managed to tell the House of the negotiations that had been proceeding, to use some of the arguments which I have just cited and to appeal to the Government for a truce or a conference on the lines of my letter to *The Times*. All this time I had been in touch with Mr. Wickham Steed, and also with Mr. John S. Steele of the *Chicago Tribune*, both of whom proved very helpful. My speech, however, apart from eliciting a very kind word from the Speaker, had no result, for the very next day the Lord Chancellor, Lord Birkenhead, advocated the most extreme and vigorous exertion of force as the only cure for Irish mischief, an opinion which the Prime Minister, Mr. Lloyd George, evidently shared.¹ Force, not reason, was the remedy adopted.

A month later, there was a meeting at Dorking in my constituency, at which Sir John Simon was the principal speaker and I, greatly daring, took the chair. It resulted in a unanimous vote in favour of my proposals. By this time, a few Die-hards in my Division were much upset at my views on the Irish problem, which they failed to understand and distorted to suit their own taste. They did not, however, become vocal till many months afterwards. On the other hand a good many people were becoming alarmed at the continued recurrence of murders or other outrages followed by authorized and unauthorized reprisals, and the Lord Chancellor consented to see a Deputation on the subject.

¹ *Records & Reaction*, by Lord Midleton, p. 255.

There were two meetings. Those present at one or the other included, if I remember rightly, the Archbishop of Canterbury, Lord Charnwood, Sir Ryland Adkins, Captain Coote, Captain (now Colonel) Walter Elliot, Rev. J. Scott-Lidgett, Dr. Finlay of the *New York Times*, Mr. Sidebotham, Mr. J. L. Garvin, Mr. R. M. Barrington-Ward, Mr. William Hard and myself, while the Lord Chancellor was accompanied by Sir John Anderson and Sir Claud Schuster. The Lord Chancellor gave with the utmost frankness his views on the situation in Ireland. At the first session, he alone spoke. He never hesitated a moment for a word. His speech occupies eleven pages ($11\frac{1}{2} \times 8$ in.) of close print: it was transcribed verbatim from shorthand notes; it is as beautiful a piece of concise, rhythmic, well-reasoned prose as I ever wish to read, and, so far as I could see, it was given without a note or document of any sort. I had, however, no reason to applaud its content. The Lord Chancellor, while declaring that the Government would have gladly welcomed any opportunity of making a truce, proceeded to dismiss my proposals summarily, on the grounds that there was no one on the other side with whom they could negotiate an effective bargain, and that, before one can enter a conference, he must know that the other side would be prepared to accept something which it is possible for him to give, and since an independent Irish Republic was a minimum demand, negotiations would be fruitless.

It is difficult to understand who could act more effectively as plenipotentiaries than the acting President of the so-called Republic and its Commander-in-Chief, and since their envoy, with whom I had put Mr. Lloyd George in touch, had hinted as strongly as possible that a Republic was not an irreducible minimum, the experiment was surely worth trying. I doubt, however, if any of those present would have conceived it to be possible that, in about six months' time, the Lord Chancellor himself would be signing a Treaty concluded between his Government and those self-same plenipotentiaries, at a conference untrammelled by any conditions whatever, and containing no clause relative to an Irish Republic. That treaty could have been obtained a year earlier, and many valuable lives saved.

2

Events, however, were moving in the right direction. On 8th April the Prime Minister informed me that he could not negotiate with Arthur Griffith or Michael Collins. On 23rd April Lord Derby went to Ireland. On 27th April there was the first of a series of meetings of Members of Parliament, interested in Ireland, which continued through May till the middle of June. Meanwhile I had got into touch with Lord Derby on his return from Ireland and he had greatly encouraged me, saying, "You may tell your friends that I am entirely with you." Both he and, I believe, the Labour Party's deputation had received the assurance that Arthur Griffith's welcome of my letter in *The Times* could be accepted as the considered utterance of a responsible representative of the Southern Irishmen. On 22nd June the King, opening the Belfast Parliament, made a moving speech. "I appeal to all Irishmen," said His Majesty, "to pause, to stretch out the hand of forbearance and conciliation, to forgive and forget, and join in making for the land which they love a new era of peace, contentment and goodwill."

Two days later, the Prime Minister, implementing the King's appeal at, it is said, the instance of Austen Chamberlain, invited Mr. de Valera to a Con-

ference, and was met at first by a repetition of the claim for a united Ireland and self-determination. A visit from General Smuts, however, seems to have made Mr. de Valera change his mind and after a conference with Lord Midleton, he expressed his willingness to discuss the basis of an agreement. Abortive conferences with Mr. Lloyd George followed, the latter committing the same blunder as his predecessors in office by making an "offer" of Dominion status with certain reservations. This was, of course, declined, and was followed by a further "offer" of negotiations subject to certain conditions. Day after day, the two men went on manœuvring for position, each endeavouring in one form or words after another to dictate his own conditions which were, of course, at once rejected. Eventually, on 30th August, de Valera took his stand almost on the very words of my letter to *The Times* of 8th October, which Arthur Griffith had accepted: "the respective plenipotentiaries must meet without prejudice and untrammelled by any conditions save the facts themselves, and must be prepared to reconcile their subsequent differences by reference to . . . the principle of government by consent of the governed." This would have safeguarded Ulster, but still Mr. Lloyd George held out for his principle of allegiance and still de Valera maintained his ground, till, finally, on the 29th September, Mr. Lloyd George offered what was virtually an unconditional Conference which de Valera immediately accepted, adding, "our respective positions have been stated and are understood."

3

The Conference met on 11th October, and agreement was reached on 6th December. The following day I received a telegram from Dublin signed by Arthur Griffith's envoy: "Congratulations to you who first suggested and outlined terms of conference between Britain and Ireland." For the actual terms of the Treaty I had, of course, no responsibility whatever. I pointed to the way by which it could be obtained, and by that way it was obtained in exactly eight weeks. As I have said, it might have been obtained a year earlier. Unfortunately it has not as yet reconciled Irish aspirations, as voiced by Mr. de Valera, with association with the Empire. Mr. Andrews, Prime Minister of Northern Ireland, can rightly claim that this is the fault of those who, in Mr. de Valera's own words, refuse to recognize the conditions imposed by the facts. What are the facts? They can be stated simply. A united Ireland is impossible except on the condition that the Northern Parliament retains complete control of her civil and religious liberties, and Ireland takes her rightful place as one of the founders of the British Empire, an independent nation indeed, but within the Empire to which so many Irishmen have devoted and are now devoting their lives, on terms of equality with the other member-nations. Eire's neutrality in the world war shocks democratic opinion in the Empire and in the United States of America. She lives, indeed, under the protection of Great Britain, but gives her neither her love nor her favours. Such a position is humiliating to her and a grave danger to the Empire and to Democracy everywhere. Mr. de Valera and those who are associated with him have by their earlier policy and actions made the partition of Ireland inevitable, and, since the World War began, have widened the gulf between North and South and forfeited the sympathy of many friends of Ireland. Those who framed the Treaty doubtless expected her to respond generously to a generous confidence. The pity is that

the response has not been forthcoming. In another and worthier sense, England's danger might have proved Ireland's opportunity.

By 1922, things had greatly improved. In that year the *Star*, which often seemed to speak for the Free State Government, published an article under the heading, "A Debt to King George" in which His Majesty, who was then seriously ill, was eulogized for the part he had played "in bringing the Anglo-Irish struggle to an end." It was claimed, on what authority I do not know, that the King's Speech on opening the first Parliament of Northern Ireland was as originally drafted of such a bloodthirsty nature that the King refused to deliver it and asked General Smuts, then in England, to prepare another more conciliatory. The result was the famous "forgive and forget" speech, which, in the words of the *Star*, "changed the whole course of events in Ireland. His intelligent and courageous stand definitely turned the balance in favour of the subsequent negotiations which ended with the Treaty. Indeed his action benefited the whole Commonwealth of Nations of which the Free State now enjoys equal membership . . . the unique association of nations in which we are guaranteed greater national freedom and security than we could have as a separate Republic."

The same spirit seemed to prevail at least until 1931. In that year, the tenth anniversary of the signing of the Anglo-Irish Treaty, there was published in the *Irish Independent* a long account of the negotiations that led up to that event. It begins with my letter to *The Times*, and, for the rest, does not greatly differ from that given above except that it mentions as a fact that when, in 1921, the clauses of the Treaty were published in Belfast a movement was set on foot to include the whole of Ulster in the Free State so as to share "the fine terms which had been secured for Ireland . . . when, however, within three days, Mr. de Valera declared that he could not accept the Treaty, this promising scheme was quickly dropped." The writer of the article claimed that Sir Austen Chamberlain, deeply impressed with the King's speech, was "mainly instrumental in bringing the Government into a mood for peace." Of this I know nothing, but the writer, having evidently learnt from me that Lord Derby had warmly supported my efforts and, knowing from another source that the King had stayed at Knowsley, put, rightly or wrongly, two and two together and finished his account with the assertion that "the credit for having, on the British side, set the wheels of conciliation in motion along the path which led to the Treaty should be divided between Sir George Cockerill, Sir Austen Chamberlain, the Earl of Derby, and last, but by no means least, King George himself." That such a statement could be printed in the *Irish Independent* ten years after the Treaty was signed tends to show that at least up till 1931 it was not unpopular.

4

I cannot conclude this account of my connection with the Anglo-Irish Treaty, without paying a warm tribute to Arthur Griffith, Michael Collins, and all those who, recognizing that Ireland's greatest need was peace, if she was to attain prosperity, and that there must be a just and fair compromise if the settlement achieved by statesmanship was not to be wrecked by dissension, gave their energies and, in some cases, their life to the faithful observance of their Treaty obligations. Since Mr. de Valera admits that the Northern Counties cannot be coerced, they must clearly be conciliated, and since it is equally

certain that their passionate devotion to King and Empire matches the intense antipathy to partition which exists generally among the Irish people, it should not be beyond the power of Irish statesmen to reconcile the autonomy of the six Northern Counties with a united and independent Irish nation in close association with the other nations of the Empire, in such a way as to command the willing assent of all Irishmen and enable them to work together in harmony for the honour and welfare of their country. Until such an agreement is reached the political partition of the ancient kingdom of Ireland will, I fear, continue. And yet there is a gleam breaking through the clouds. Thousands of Irish men and women both from Eire and Ulster are proud to be aiding an Empire, whose glory and history they share, in its defence of human liberties against a threat that is real and instant.

5

There is, I think, one point in connection with the affairs of Ireland during the last thirty years that has not received the notice it deserves. Let me recapitulate a few facts. In the last chapter I have recorded, on the authority of a British officer of high rank, who was actually in command of troops in Southern Ireland, how, on the outbreak of the First World War in 1914, a signal opportunity was missed of a reconciliation between North and South by service in a common cause. At that time, as Mr. Churchill has testified, "we enjoyed the friendship and comradeship of the Irish nation." Two years later there came the Easter rebellion, in which "the dark forces of the Irish underworld," to quote Mr. Churchill again, tried "to strike us in the back in the most critical and dangerous period of the struggle."¹ A few years later still I endeavoured, and in the end successfully, to persuade Mr. de Valera and Mr. Lloyd George to come together and negotiate a Treaty. I showed how this was accepted both by the British and Irish Parliaments and how those Irishmen who signed the Treaty endeavoured faithfully to give effect to it, until Mr. de Valera, coming into power, repudiated it in almost every detail. But few people seem to have remarked the coincidence that, in the history of the relations between Great Britain and Ireland and between North and South, whenever there has been any sign of an improved atmosphere, of a growing feeling of goodwill and comradeship, or of the birth of mutual understanding, some sinister influence has promptly intervened.

One or two examples may be given. Hardly had my proposal for a conference been accepted by Arthur Griffith than "Black Sunday" brought the word "murderers" upon every tongue; horror after horror disturbed the consequent negotiations; at the moment when the Irish Free State Bill was being considered in the House of Commons, Sir Henry Wilson was murdered close to its very walls; and no sooner was it passed than in Ireland such chaos desecrated the "Temple of Peace" that it seemed to Lord Salisbury a deplorable failure. Lately there seemed some hope that the entry of the United States into the war might see the fulfilment of Michael Collins' prescient dream, dreamed so shortly before a rebel hand sent him into "the silence of dreamless sleep," that, in concert with the Dominions, Great Britain and Ireland might form "an association of free nations, into which America, bound by such close

¹ *Into Battle*, p. 3.

ties of blood to both, might be willing to enter." And what happens? An organization which Mr. Sean McEntee has declared to be "carrying on a campaign of outrages designed to bring about what that organization desires: a state of war between us and Britain," again becomes dangerously active. "It has," in the words of Mr. McEntee, the responsible Minister, "attacked our forces, murdered our police, terrorized our citizens, and claims to exercise the power of life and death over all our people."

Is it not conceivable that all this is more than a coincidence? Does it not prove that "the dark forces of the Irish underworld" are emphatically not the "same forces" as those with whom we made the Treaty, as Mr. Churchill supposes,¹ but rather that organization which, according to Mr. McEntee, attacks the forces and murders the police maintained by Mr. de Valera's Government. Is it not probable that, behind the painful conflicts which have embittered for so long the relations between Irishmen and Englishmen, there is a conspiracy of evil, which, breathing on the smouldering embers of the past, burns, in the flames of pride, prejudice and passion, every gage of friendship and understanding, and thwarts every effort of well-disposed people to make peace between the two nations? If this is indeed the case, the statesmen not only of Great Britain, but of Ireland, North and South, have long been the unconscious tools of a covert malignity, and all the greater credit is due to those who, on both sides of the Irish sea, came together in harmony and refusing to surrender to the forces of violence, negotiated a Treaty to which, so long as they remained responsible for its observance, they faithfully adhered.

6

Mr. Lloyd George's Second Coalition Government had been in power but little over a year when attacks began to be launched against it from opposite directions, at first by Lord Salisbury and a little later by Lord Grey. The approach to a settlement with Ireland was in each case the main cause of bitterness, Lord Salisbury deprecating "vacillation in restoring order and in vindicating the law" and advocating "no truck with rebels and no concessions in the face of rebellion," while Lord Grey was rejoicing in an alleged "death blow to Ulster ascendancy." Since a Coalition must, from the nature of things, pursue the middle way extreme partisans of either faction can never be satisfied. In this case they agreed only in declaring the Government to be without political principle, a charge which it is always easy to bring against those whose policy must necessarily rest on a basis of compromise. I took up the cudgels on behalf of the Coalition, believing that the charges were both baseless and mischievous. As there was labour unrest at the time and strikes were threatening in more than one industry, I confined myself, in replying to Lord Salisbury, to the assertion that the Coalition had succeeded where it had stuck to its principles and only failed where it had truckled to the short-sighted pressure of Labour leaders who, without understanding apparently the delicacy and complexity of the modern industrial machine, were as ready to destroy it as their forebears were to destroy the machinery of power-production.

To Lord Grey I made a more elaborate reply. It appeared in *The Times* of 2nd December, 1921. When the present war is over, it will be, in my opinion,

¹ *Op. cit.*, p. 3.

essential to retain a National Government at least for some years, and to cling tenaciously to our war-time unity if far-sighted plans for reconstruction and social security are to mature successfully and not dissolve in fierce and futile faction through want of patience and commonsense. As the same charge of lacking political principle will probably be levelled against any post-war coalition before it has been long in existence, it may serve a useful purpose to restate the principles on which, in my judgment, the Coalition of 1918-22 was founded and the abrogation of which, as I now think, entailed disastrous social, material and political consequences. Victory, I declared, had been won through unity of purpose, unity of effort and unity of sacrifice. The difficult transition from war to peace must be conducted in the same spirit of national unity. The people looked to their statesmen to make some serious contribution towards the general goodwill, through sympathy, mutual forbearance and the elimination of differences, whether they arise from personal or political ambitions, affections or prejudices. To obey the common will in this respect was the first great principle on which the Coalition rested and it transcended all others.

The second was no less clear. It derived directly from one of the most obvious lessons of the war: the principle of unity by association and co-operation as opposed to that of unity by federation or fusion. To the violation of this principle in the past I attribute most of the misunderstanding with Ireland, since it created in the minds of Irishmen the illusion of subjection to England when we in England saw only a mutual dependence on a higher unity. Disregard of this vital principle might easily wreck the Imperial Commonwealth.

The third principle of the Coalition was unanimity through conference, the recognition of an obligation to reconcile conflicting interests rather than to ignore or antagonize them, to surrender not to violence but to reason, to deem it better to count heads rather than to break them, but best to put them together. On this principle the Coalition rejected two rival recipes for an Irish peace, one by concession to rebellion, the other by ignoring deep-rooted fears. It repudiated the revolutionary doctrine that tyranny is justified if exercised by a bare majority; it admitted the just claims of all but sought to harmonize them; it placed the public interest above that of any class or party. This third principle, it seems to me, is the indispensable foundation of true democracy. Its maintenance is essential to ordered progress.

These three principles, I asserted, were those on which the Coalition was founded and for which I asked and received a mandate. My faith in them remained unshaken. "Until the stability of a new world-equilibrium is assured," I wrote in conclusion, "I trust that the country will continue to repose its confidence in men who have proved themselves able and willing to forget the shibboleths of faction, to sink party and personal differences and to co-operate on broad principles in the stupendous task of reorganizing the economic life of the nation and guiding its destinies through the welter of world-reconstruction."

Alas! This was asking too much of human nature in the nineteen-twenties: will the response be any better in the nineteen-forties? There are signs that the urge to break the Coalition may come from extremists and careerists on either side. Fiscal and financial devices may temporarily check inflation, but price stabilization, on which all security depends, cannot be permanent without ruthless wage stabilization and wage stabilization is unattainable except by the united exertions of all parties. It is significant that Labour leaders avoid this

problem, but the Pillars of Security cannot stand sure except on the foundation of a rational wage-system aimed at increasing real incomes by increasing production.

Apart from the Government's Irish policy, there was little to which the malcontents took exception, and, even in regard to that, they had nothing constructive to offer in its place, and had no intention of pushing their objections to the point of opposing it. In a manifesto issued by Lord Salisbury, and circulated in my constituency with malicious intent, its author was astute enough to announce that he stood for the Treaty, if carried out on both sides in the letter and spirit. It was surely unnecessary to make this reservation since no Treaty is binding on one side, if repudiated by the other. I, for my part, stood for the Treaty whole-heartedly without reservation and now, after twenty years, am still proud to have been, in Lord Salisbury's words, "in part its architect," in spite of the fact that de Valera, since he came into power, has proved reluctant to make the one concession to Irish history which is capable of restoring Irish unity.

7

At the General Election that followed, my Labour opponent, Commander Hope, withdrew, and, on 4th November, 1922, I was returned unopposed for the second time. Thus was vindicated a belief which I hold strongly that a Member of Parliament, who acts resolutely by the light of sincere, honest and reasoned conviction, has nothing to fear from the factious or ungenerous criticism of strangers to his constituency. Pledged to the Coalition for the life of one Parliament, I had supported it to the last gasp of its latest breath. No rent in Lloyd George's mantle was made by dagger of mine. Those of us who supported the Coalition throughout received further justification when Mr. Bonar Law, in the very first speech he made after having been elected leader of the Conservative Party, announced that it would be his policy to give the Irish Treaty a fair trial.

The Carlton Club meeting which put an end to the Coalition is ancient history, but it is history that may repeat itself after the present war. I can draw no certain moral from the result. It is, however, conceivable that, had the Coalition continued, there would have been no General Strike. My own belief is that the longer the three Parties can be associated in close collaboration after the war the better for the country. There is no reason why a Coalition, broken by the dissolution of Parliament, should not be re-formed, after a coupon-free election, however the new Parliament be constituted. In October, 1922, in the Reigate Division, a resolution to this effect proposed by me was carried unanimously. There must be, and ought to be diversity of opinion, freely expressed, so that a fully instructed people may ring the coins offered to them. But to attribute unworthy motives to those who hold different opinions is to create dissension and breed suspicion. One of the sharpest lessons of the First World War was the danger of allowing political differences to develop into class struggle and the wickedness of disturbing the fundamental spiritual unity of the people.

A coalition stands above sectional interests as a symbol of that unity. It has twice endowed this country with a moral vigour in war, which, in peace, cannot be relaxed without the people losing interest and direction. They would then turn once more to the narrower loyalties of class and party, groping blindly

for what can be achieved only by the whole nation, integrated and united by a common worth-while purpose and invigorated by an effective stimulus to face the effort, sacrifice and restraint necessary to attain it.

Fifty years ago, I enjoyed the privilege, rare in those days, of being admitted, on terms of friendship, into the homes of educated Indian gentlemen. I acquired in this way a sincere respect for their character, courtesy and culture, and this predisposes me to sympathize with their political aspirations. I cannot but think that the road which led to the Anglo-Irish Treaty in eight weeks might afford a new and more hopeful approach to political and communal pacification in India.

CHAPTER XVII

A FATAL DELUSION

"OMNES SAPIENTES DECET CONFERRE"

(*It befits all wise men to confer.*—PLAUTUS)

1

IN SEPTEMBER, 1916, LORD ROBERT CECIL SUBMITTED A MEMORANDUM TO THE Cabinet in which, after referring to the terrible destruction already caused by the war, he outlined his plan for preventing its recurrence. In his autobiography he describes the preamble to his plan as "very trite." On the contrary, it seemed to me, when I read it *in extenso*, a concise and clear statement of some of the difficulties that had to be faced if the problem was to be successfully solved. Eventually he arrived at the crux of the matter: arbitration or conference before recourse to war was, he thought, the obvious solution. But how could a group of Powers be forced to submit to arbitration or the decision of a Conference? "In other words," he asked, "what is to be the sanction?" Rejecting as probably ineffective the idea of a combination of Powers to punish, *by force of arms*, the breach of any agreement to await and accept the decision of arbitrator or conference, he sought a less thorny path to his alluring Arcadia and unfortunately thought he had discovered it. "If an instrument could be found," he wrote, "which would exert considerable pressure on a recalcitrant Power *without causing excessive risk to the Powers using it*, a solution of the difficulty might perhaps be found." He then expressed the wholly mistaken belief that "in blockade as developed in this war such an instrument exists." He recognized, indeed, at that time that an overwhelming naval, and to-day he would no doubt have added air, power would be required, and considered that if combined with overwhelming financial power, no modern State could resist its pressure. He felt, too, that "some effective agreement for the limitation of armaments" would "enormously help," but "in view of the convincing criticism of Sir E. Crowe . . . decided to abandon that part of the scheme." By "financial power," as the context shows, he meant the severance of all commercial and financial intercourse between the aggressor and the rest of the world. He also thought it hopeless to expect America to fight in a European quarrel unless her interests were directly affected but deemed it not so certain that she would refuse to join in organized economic action to preserve peace, presumably under the impression that "the risk would not be excessive."

The rough draft of Lord Cecil's "proposals for maintenance of future peace"

contained but three clauses. By the first, the territorial arrangements in the Peace Treaty were to remain unaltered for five years when any necessary or desirable rearrangements of territory agreed at a Conference of the contracting Powers must be forthwith carried out. By the second, any difference or controversy arising between any of the Powers in connection with the Treaty or any other matter must be submitted to a similar Conference forthwith and no action taken until it had come or failed for three months to come to a decision on the matter. Any decision must be maintained and enforced by the Powers. Finally, each of the Powers guaranteed to maintain the provisions of the Treaty, "if necessary by force of arms," and, in particular, undertook, if any Power should infringe any of the provisions of this Treaty, to cut off all commercial and financial intercourse with the wrong-doer.

Such were the proposals. The author of them claimed that, in the document containing them, "reliance was placed on economic rather than on military measures." This is true of his memorandum, but, in the draft proposals, the words "if necessary by force of arms" were explicit. Apparently, he was of opinion that to most countries not directly concerned in a dispute, the idea of a "blockade" as a means of waging bloodless war against an aggressor State with little risk to themselves would appeal more strongly than armed intervention. He knew, however, that if that failed, the final sanction must be the "force of arms." He never drew the obvious conclusion that that force must be visibly organized and ready for all eventualities. This was the crowning tragedy of those fateful years.

2

One would have supposed that a "Memorandum on Proposals for diminishing the occasion for future Wars" would, in the first instance, have been referred to the War Office for examination in the Department of the Chief of the Imperial General Staff. Had this course been adopted it would have been brought to my notice officially and at an earlier date. The first that I heard of it was through an interview given by Lord Robert Cecil and published in *The Times* on 3rd September, 1917, that is, just a year after the inception of the idea.

"The great difficulty," he there stated, "of all schemes for Leagues of Nations has been to find an effective sanction against nations determined to break the peace. I will not now discuss at length the difficulties of joint armed action, but anyone who has studied the position knows that they are very great. It may be, however, that a League of Nations furnished with machinery to enforce the financial, commercial and economic isolation of a nation determined to force its will upon the world by mere violence would be a real safeguard for the peace of the world: in any case that is a subject that may well be studied."

3

Passing over the fact that it was never referred to the one Department whose business it was to study such questions, I will only observe that, as may be gathered from his autobiography,¹ Lord Robert Cecil had no conception

¹ *A Great Experiment*, p. 43.

of the machinery which, under my direction but with the indispensable guidance of one of the greatest financial authorities in the country and in close co-operation with the French and Italian General Staffs, had for many months before he had even entered the Foreign Office been enforcing "the financial, commercial and economic isolation" of Germany, so far as was possible without riding roughshod over the rights of neutrals. Resting on belligerent sea-power, world-wide in extent, intricate in detail and incapable of being operated except as a measure of war, it was, as we have seen, second only to sea-power in the immense power that it wielded. It seemed to me, therefore, that the invitation to study the subject should not have been addressed to the country through *The Times* but officially through the Secretary of State for War, Lord Derby, to those whose duty it had been throughout the war and still was to study all "questions of military policy connected with the economic and financial resources of the enemy and their restriction." The invitation was, however, accepted, and, on the very morning on which the communication appeared, I began to draft a memorandum on the subject. The next day I saw Lord Derby. I will not repeat what he said as I have not asked his authority to do so: I will only state that he showed his usual common sense, sound judgment and prescience. In the next few days, having discussed the question in all its aspects with various members of my staff, all of whom were well versed in the practical administration of the economic war, I completed my memorandum with their assistance. In a short preamble, we observed that Lord Robert Cecil's idea demanded the closest study if only *because the extent to which it permeated the mind of the people might eventually dictate the strength of this country's armaments and so vitally affect our national security*. This was, of course, its most disastrous result.¹ We drew a broad distinction between a policy of isolation enforced, as in the war then being waged, by one or more belligerents against a common enemy and such a policy if intended to be applied by a League of Nations with a view to preventing war. "It is proposed here briefly to review," we wrote, "from these two standpoints the limitations to which such a policy is subject and to discuss the machinery necessary for its enforcement." Others, it may be thought, should have devoted some attention to these vital questions.

In the former case, we showed that the efficacy of the policy depended chiefly on two factors, the geographical position of the country to be isolated and the extent to which it relies upon foreign markets for vital supplies. Isolation could most successfully be applied to a densely populated island like Great Britain, depending for its food supplies largely on imports; or to a country lacking material, such as coal and iron, vital to its industries in peace and even more in war; or to a partially sea-bound country, weak at sea, vulnerable on its land frontiers and equally lacking in vital supplies. It could not be applied so effectively against comparatively self-contained countries like the United States or Russia. In the case of a continental country bordered by neutral countries there was the additional complication that complete isolation might not be attainable without the risk of driving the neutrals into the enemy fold. We discussed these difficulties at some length, and arrived at the conclusion that the efficacy of the blockade would depend upon the fulfilment of three conditions: overwhelming superiority at sea and the control of supplies

¹ Reliance upon the nebulous "collective security" offered by the League of Nations unquestionably affected the armaments of the whole British Empire, and made co-operation in defence appear less necessary.

not confined to those essential to the enemy only, but including some that could be used as bargaining counters in dealing with contiguous neutrals; uniform Trading with the Enemy legislation, uniformly enforced, and, lastly, an efficient censorship, reinforced by a Commercial Intelligence Service in neutral countries adjoining the enemy State. We pointed out that, as much of the success of our censorship had been due to surprise, its enforcement in future wars might be hampered by more cunning devices for its evasion and by a greater use of wireless telegraphy.

We concluded the first part of our argument, of which the above is a greatly abridged epitome, with the following paragraph: "Subject to the limitations discussed above, there can be no doubt that the 'long-distance' blockade has added a new and powerful weapon to the armoury of the nations, a weapon which must tend to become increasingly formidable as their trade interests become more closely intertwined and the mechanism of international commerce more sensitive to disturbance. It has certainly made one important contribution to the cause of peace in that it has forced the mercantile community in every land to realize how unsubstantial is the network of theories and conventions which jurists and diplomatists have so industriously woven in order to preserve inviolate in time of war the right of the neutral trader to fish undisturbed in troubled waters, a right that is sanctioned neither by reason nor by morality. It has finally dispelled the mischievous illusion that any nation can afford to be indifferent to the quarrels of its neighbours, or to ignore the truth of the ancient maxim: "*Nam tua res agitur paries cum proximus ardet.*" We ought to have added, "*Et neglecta solent incendia sumere vires.*"¹ Alas! the illusion was not dispelled, and we have seen nation after nation sit still, hoping some favourable wind would blow the sparks away from its own roof and not stirring a finger to put out the fire. The world had not yet learnt that every outbreak or even threat of war is a "vital interest" to every nation, nor that peace is indivisible.

Lord Parker of Waddington, as I shall presently show, shared my views on neutrality and Lord Howard of Penrith, broadcasting on Armistice Day, 1936, expressed the same thought when he declared that "no country by remaining neutral can avoid the disastrous effects, economic and financial, of a major war waged by others. Neutrals no more than belligerents can hope to escape altogether the consequences of the war." A fact which the world had not yet grasped was that, in German hands, "the sight of means to do ill deeds makes deeds ill done." Or, as Mr. Brendan Bracken has recently put it: "It was an historic fact that Prussia was in its beginning, is now and ever shall be, a nation of warmongers, and that fact should have actuated our foreign policy and led to the maintenance of a strong army." For myself I should prefer the less expensive alternative of never allowing a nation of warmongers to create even the nucleus of an army.

4

This summary of the first part of the memorandum was, at the time it was written, a necessary introduction to the second and more relevant part, which was entitled, "Isolation as a weapon used by a League of Nations for the

¹ For it is your concern when your neighbour's roof is on fire, and fires neglected are apt to spread.

purpose of preventing war." It is to be regretted that the need for compression precludes its publication in full, for bare extracts may falsely suggest an artful "black-out" where the light of prophecy has failed. After observing that "the success with which, in spite of all difficulties and limitations, the financial and commercial blockade has been used by us and our Allies in the present war has naturally strengthened, if it did not give rise to, the view that a League of Nations, armed with the weapon of economic isolation, might safeguard the world's peace," the validity of that view was examined.

The possibility of arbitration, the memorandum stated, extended only to those international disputes in which the issues did not arise out of any ancient wrongs or deep-seated prejudices. Professor Hall, discussing the scope of the Permanent Court of Arbitration formed at The Hague in 1899 and extended in 1907, wrote:—

"The existence of such a permanent body provides a convenient machinery for the settlement of international disputes of a minor order, and we may safely predict that recourse will be had to it with growing frequency and success, while its decisions, both final and interlocutory, will tend to furnish a body of precedents possessing value and authority in the conduct of international controversy. Whether there is any reasonable prospect of the Hague Tribunal being invoked in cases where questions of magnitude, or involving popular prejudices, are at stake, time alone can show. The omens as yet are scarcely propitious; in the Anglo-French Agreement, and in all the treaties above referred to, it is expressly stipulated that the method of arbitration shall apply only to such questions as do not involve the vital interests, the independence or the honour of the two contracting parties."

Attempts to extend the principle of arbitration to cases in which so-called "national honour and vital interests" are involved had failed because the International Court had not, like other courts, the strong arm of an executive behind it. It had, indeed, no means of enforcing its judgments, which depend for their validity solely upon the good sense and good faith of the litigants. There is nothing in these circumstances to prevent a nation from agreeing to go to arbitration, not with any sincere intention of accepting the decision of the Court, but merely for the sake of gaining time and of stealing a march on a better-prepared adversary.

Have we, then, discovered in the financial and commercial boycott the sanction that was hitherto lacking? Submitting this new panacea to a few of the tests suggested by our experiences in the First World War, the prophecy was ventured that every one of the obstacles and limitations that had fettered the blockade as a belligerent weapon would, if it was used as a substitute for war, reassert itself in an aggravated form. The first point which we emphasized as essential to the success of Lord Robert Cecil's "great experiment" was the prior attainment of absolute unanimity of will and action among the nations using it, though doubt was expressed whether it could be secured owing to the inequality of the sacrifices and risks involved. It would, moreover, be too much to hope that every great manufacturing country would forgo a valuable market in order to prevent a threatening war in some far corner of the globe, unless some direct, vital interest of its own was concerned. The second point underlined was the impossibility of being sure which nation was the aggressor in any dispute that led to war until historical archives revealed their secrets,

perhaps not even then, and the mistake of supposing that willingness to go to arbitration could be accepted as a proof of innocence or moderation. In the next place, it was insisted, the peoples must have had the issues explained to them, counted the cost, and become, heart and soul, parties to the pact *and willing to accept on its behalf the supreme sacrifice of war*. Without this sanction, international agreements for joint coercive action would prove as unsubstantial and delusive as breakwaters of painted matchwood.

Assuming that these preliminary difficulties were successfully surmounted, we stressed the necessity of creating and ratifying the legislative and executive machinery required for the immediate application of the blockade to any particular aggressor. We pointed out that it would have to be adapted to one or other of two contingencies, the first of which exactly anticipated coming events, and both of which depended ultimately *upon the power and the will to use force successfully, that is, in overwhelming strength and as a joint enterprise*.

Finally, we dwelt upon the possibility of deliberate and calculated aggression in defiance of the League, in which case there would be a choice between two alternatives, either war waged by the whole League or its stultification. Unless these difficulties were faced and solutions found, the prophecy was ventured that the League "*would most certainly be challenged by those who hope to gain by its weakness and are not afraid to flout its pretensions.*" As events proved, not one of these difficulties was fairly faced, and not the smallest preparation made to meet them.

5

A copy of the memorandum was sent to the Foreign Office and later a second copy handed to Mr. (afterwards Sir Alfred) Zimmermann of the Political Intelligence Department at the Foreign Office. I could not, of course, at that time join in any public discussion of the subject in the Press, and, at no time, so far as I am aware, was the War Office apprised of any decision at which the Government may have arrived. By the beginning of 1918, however, Mr. Ramsay Macdonald was able to write to a monthly Labour paper that "practically everybody now believes that the best guarantee of peace is some kind of a League of Nations." But what kind? *Quot homines, tot sententiae : suus cuique mos*. Mr. Ramsay Macdonald himself declared roundly, and not without reason, that "no great Power, however wrong, will ever find itself isolated." "It (the League) should," he maintained, "have no authority to settle anything," and "should control no armed forces." If it did, it would become a super-State, which would be "to start militarism anew, for the very existence of an armed force is to keep this fatal idea of force in the foreground . . . it must be a Society of Nations . . . and all nations must be brought in." What Mr. Ramsay Macdonald would have liked to see was a Parliament of Parliaments without executive authority of any sort.

Mr. Arthur Henderson had quite other ideas, but they were very nebulous. Characteristically enough he appeared to visualize Labour Parties everywhere in permanent opposition to the foreign policy of the national Governments and in need of machinery to supply material for criticism of those policies. His conception of a League of Nations was, not to provide an organization for arbitration and conciliation, but to "keep before the eyes of all peoples the truth that peace is the greatest of human blessings." And, to emphasize his love of peace, he urged his followers "to rise like lions" against their rulers,

reminding them, in Shelley's somewhat sinister language, "Ye are many, they are few."

This was not very helpful. The Labour Party and the Parliamentary Committee of the Trades Union Congress had their own ideas on the subject. They demanded "that it should be an essential part of the Treaty of Peace itself that there should be forthwith established a super-national authority or League of Nations" with an International Legislature and International Legislation; that all sovereign States should be pressed to join and be pledged to submit all disputes, if justiciable, to an International High Court, and, if not justiciable, to appropriate but unspecified machinery, and finally, that common cause should be made, where necessary, to enforce adherence to this pledge "by the use of any and every means," by which, of course, they meant but did not dare to say, War. In practice it has not been found possible to establish even an Imperial legislature for Imperial legislation but on paper everything is possible.

It will be noticed that the voice of Labour was in direct conflict with Mr. Ramsay Macdonald's views. Other voices, of which Sir Edward Carson's was said to be one, contemptuously refused to consider the establishment of a League as a serious proposition.

All this discussion was in the early part of 1918. On 19th March in that year, three months before his untimely death, Lord Parker of Waddington, from his place in the House of Lords, made a speech of great force, beauty and wisdom, outlining in principle and also with considerable detail the kind of League he would like to see established. The kernel of his plan was contained in the words "No neutrals and no war." "The true line of development," he said, "lies . . . not in consulting the selfish interests of neutrals but in abolishing neutrality. Murders would increase if the murderer could count on the neutrality of bystanders and it is the same with war. The neutral, in fact, shirks his share of the burden of humanity." He insisted on the danger to the movement in favour of the League of Nations due to its advocates being "in somewhat too great a hurry." He deliberately omitted in his draft constitution controversial questions, such as international troops or an international police force, disarmament, etc., stipulating only "that all the members of the League should recognize that war . . . is a danger to our common civilization and that international disputes ought to be settled on principles of right and justice and not by force of arms." Economic sanctions were proposed, backed by armed force to be provided, not by all the members of the League without regard to their resources, but by certain specified members who should be the chief military and naval Powers. Compensation was to be awarded to those nations which might suffer loss in upholding the League's covenant out of a pool provided by the other members of the League, so as to secure equality of sacrifice. There were further suggestions, but the only other one which I must mention because it seems to me to be too admirable to be omitted was a general obligation to inculcate in elementary and other national schools "the desirability of settling disputes on principles of right and justice and not by force of arms," and not to "allow the use in such schools of literature tending to arouse hostility towards or suspicion of any other nation." To-day, I would add, "nor the use in national broadcasting of similar language." Every phrase of Lord Parker's brilliant speech deserves the closest study.

Two days after it was delivered came the great German offensive against Sir Hubert Gough's Fifth Army, and, thereafter, I was busily engaged on

inspection duties, a visit to France and Lord Northcliffe's Conference and Committees on Propaganda, in addition to many other urgent matters, including a draft embodying the terms of the Armistice. I could therefore give no further consideration to the subject of the League of Nations. Nor indeed was there any request for my assistance nor any attention whatever paid to my memorandum or to the warnings it contained. Unfortunately, as the years passed, the event proved that they ought to have been heeded. I wrote, after all, as the representative of an organization which, throughout the war, had been enforcing the financial, commercial and economic isolation of Germany, and had been the chief source of the information on which the blockade rested. Had I been called into consultation and had my advice been taken, the history of the last twenty years might have been profoundly altered. Ministers of the Crown need wisdom more than knowledge: when knowledge speaks, wisdom would be wise to listen.

CHAPTER XVIII

A SHATTERED ILLUSION

"DEMPTUS PER VIM MENTIS GRATISSIMUS ERROR"

(The mind's most pleasing error removed by force.—Horace)

1

IN HIS AUTOBIOGRAPHY LORD CECIL BEGINS HIS ACCOUNT OF THE MAKING OF the League of Nations with the statement that "by the end of 1918 the British Government had accepted the main principles of the Covenant."¹ He quotes at length from the Report of Lord Phillimore's Committee, a very strong Committee which included Sir Eyre Crowe and Sir Cecil Hurst of the Foreign Office, in whose judgment complete confidence could be placed. He can have derived but little encouragement from this Report. It suggested that any attempt to construct a system for the purpose of guaranteeing peace "must be limited to a policy upon which there is a substantial measure of agreement among the Powers," and affirmed "that popular representative Governments have on the whole been more alive than autocracies to the impression that aggressive war, even if successful, may prove to be a greater evil than any reasonable compromise that would have averted it." It added the hint that Germany's militarism, if found to be endemic, might be an insuperable obstacle to successful co-operation in the cause of peace.

With these and other warnings from widely different sources ringing in his ears, Lord Robert Cecil, as he then was, went to Paris, his optimism unchilled, on his appointment as Special Adviser on League questions to the chief British Delegates.

It is not my purpose to discuss at length the Covenant nor the minor successes and major failures of the League. To me it is clear that both those who drafted it and those who were inveigled into subscribing to it were obsessed by two illusions: one, that the fear of economic pressure would prove a sufficient

¹ *A Great Experiment*, pp. 62-3.

deterrent to prevent recourse to war, and the other, which was consequent on the first, that no question of military action was ever likely to arise. The thought that any State might deliberately challenge the League's pretensions and take the law into its own hands either did not occur at all to the framers of the Covenant or, if it did, was dismissed as chimerical. They need not have fallen into this fatal error, for the Memorandum of 1917 was written with no other object than to give warning of this danger, and what we could foresee and foretell so plainly should have been equally clear to them. If, on the other hand, they did consider it possible that the authority of the League might be challenged, it is the more inexcusable that no preparations whatever were made for military action. There is the further point that, since so much reliance was being placed on "economic sanctions," a detailed scheme should have been prepared and the legislative and executive machinery created for enforcing it at a moment's notice, since otherwise it was a weapon that would break in the League's hand whenever it was drawn against cold steel. Sir Malcolm Robertson endorsed this view later, when, in a letter to *The Times*, he was "inclined to regret that the League did not previously in some degree prepare the machinery for the enforcement of 'economic sanctions' rather than wait for a crisis to arise."

But this was not the only, nor the most vital machinery that should have been provided. Art. 16 contemplated the use of armed force by the League to protect its Covenants. Possibly the British Government was induced to accept this obligation under the impression that the United States would share it. There is little doubt, however, that it was the fear of being bound to take part in a collective war in any part of the world for a cause in which their immediate national interests might not appear to be concerned, that decided the United States to refrain from joining the League. The peace-loving nations had not then been convinced that aggression against one was a threat to the welfare of all. It may be doubted if many of the nations which did join the League would have subscribed to Art. 16, if they had foreseen that the first two aggressors against whom they would or should have been asked to apply "economic sanctions" would be fully armed and equipped major Powers, and the cause in the one case aggression by one Asiatic people against another in the Far East, and, in the other, an attack by an European Power on an African Emperor, himself said to be an usurper. Would their resolution have been strengthened by the reflection that the League had nothing behind it to protect those who observed their obligations under its covenants, except a theoretical "collective preponderance of force," without organization, strategic plans, supplies or transport, or any of the armament and equipment on which a modern army depends, but only a Council whose duty it would be "to recommend to the several Governments concerned what effective military, naval or air force the Members of the League shall severally contribute." No decision had been reached, nor, in my opinion, could have been reached in time to avert a catastrophe, on any such vital matters as who would command the force, to whom would he be responsible, by what staff, general and administrative, would he be assisted, and a number of others which will occur to any practical sailor, soldier or airman.

2

The French had their own scheme for a League and M. Léon Bourgeois vehemently advocated again and again without effect the provision at least of an

International General Staff to foresee and prepare plans for military action in support of the Covenant. Evidently he had no illusions: economic sanctions to be effective must rest on force, and the force to be effective must be at least as well organized, armed and equipped and as ready to take decisive action as that of the most powerful possible aggressor or group of aggressors.

Articles 8 and 9 of the Covenant were, next to Article 16, of the greatest importance, since "economic sanctions" unsupported by military force cannot be successfully applied to nations armed to the teeth. They proved in practice a complete failure. How could it have been otherwise? Lord Cecil in his autobiography is, I think, unfair to the League's naval and military advisers on this point. He complains¹ that the Permanent Advisory Commission constituted under Article 9 "consisted of military, naval and air experts who had to do what their professional superiors at home desired and that was almost invariably that they should do nothing themselves and if possible prevent anyone else from doing anything."

Clearly this, if true, was not their fault. "Their professional superiors at home" must have been acting on instructions from their Governments and the instructions which Lord Cecil thinks they may have received are of a kind that would appeal more to professional politicians than to professional soldiers, who are accustomed to use language, sometimes even bad language, to get things done. The reduction of national armaments is a matter on which the experts should certainly be consulted, but surely no sane person believes that the unilateral reduction of British armaments between 1920 and 1932 had the approval of the Government's professional advisers. Inspired no doubt by war-weariness and the irresistible claims of the social services, the decision was political and it followed historical precedent. It was, of course, "no use as a measure for peace," and, indeed, "probably did have the opposite effect." It was but another instance of our invariable practice of which I wrote in 1909: "Military force came to be regarded as an unalloyed evil, tolerated as a deplorable necessity, restricted to the barest needs of the moment, increased feverishly in time of panic and reduced incontinently in time of peace. The effect of England's chronic military weakness upon the peace of Europe was deplorable. . . . The same monotonous story runs through two centuries of our national life." And that story is now another thirty years older.

No: the decision to disarm unilaterally was, as always, political. It is as well to look this question squarely in the face. National and Social Security both cost money, but the latter wins more votes. A great leader in time of war may gain applause with talk of "blood, toil, tears and sweat," but in peace that slogan may prove less effective than a promise of beer, leisure, ease and pleasure.² Such questions as defence and foreign policy, in an ideal State, would be decided by a non-political Council remote from the turmoil and temptations of Party strife. But if this is impossible, then those who govern must be impartial, fearless and independent, come what may. In Lord Cecil's experience officials are not always helpful, and not usually good directors of policy. It is not their business even to try to be. It is theirs rather to implement than to direct policy, for, as he says, to direct is the work of Ministers, and "in the end they, and not the officials, should decide." Unfortunately Ministers seldom have the necessary training, courage or vision. Their principal

¹ *Op. cit.*, pp. 78-9.

² It is significant that Professor Joad, a Labour candidate, advocates the repeal of the licensing laws and the opening of casinos.

qualifications, as a rule, are supreme self-confidence and some gift of invective. Knowledge and experience usually reside with the officials, while, in Ministers, judgment is liable to be warped by expediency, and the power of quick and right decision, which is almost instinctive in the soldier, sailor and airman, is too often sadly deficient. In the First World War I used to meet in conference a considerable number of Ministers, many of whom had filled responsible posts, and I was seldom impressed either by their grasp of essentials or by their practical knowledge of necessary detail. After prolonged discussion, tiresome repetition and much divagation into irrelevant trivialities the subject was frequently allowed to drop and it was left to the officials to record the decision at which the Conference should have, but had not, arrived. To this tendency towards drift and indecision the amateurish vagueness of the League's obligations was probably due.

3

The history of the League from 1919 to 1931 is given fully in Lord Cecil's autobiography. In this period of more than ten years, the League must be credited with many successes and few failures. On the humanitarian side, real advances were made, various financial difficulties were overcome through its good offices, and in a number of cases where hostilities had broken out a satisfactory settlement was eventually reached without further fighting. In general, it may be said that, apart from any direct challenge from an aggressor which had not then occurred, it had a record of which those who framed it may well be proud. The fact must be faced, however, that, up to 1931, the League had never been confronted with deliberate aggression by a Great Power. It had never proved necessary to invoke "sanctions" under Article 16, nor to use force. All its victories had been won by persuasion or moral pressure.

The French were never convinced of the value of a League based on economic sanctions with nebulous forces in the background. After the Anglo-American Convention to guarantee their security had been allowed to lapse, attempts were made, one after another, to reinforce the provisions of the Covenant. One such proposal was the draft Treaty of Mutual Assistance; this, for good and sufficient reasons, was jettisoned by Mr. Macdonald's Labour Government. It was designed by its authors, of whom Lord Robert Cecil was one, to give security to nations willing to disarm and to confine the guarantee of assistance to those who disarmed. "It was the view of the authors of the draft," Lord Cecil has stated, "that without an effective guarantee of security, there could be no hope of disarmament." It was never, however, explained how a League of disarmed nations could guarantee each other's security against armed aggression. The project, in due course, gave place to the Geneva Protocol, which Mr. Baldwin's Government in its turn rejected. It had few friends, and was, even in Lord Cecil's opinion, "a serious mistake." It was strongly, and Lord Cecil thought unfairly criticized on the ground that it placed the British Fleet at the disposal of the League. That, however, is a criticism that could be properly directed against the whole policy of the League. The Protocol was followed soon after by the Locarno Treaties of 1925. These were purely regional, directly affecting Germany's relations or boundaries with France, Belgium and Poland, while Great Britain and Italy guaranteed the agreements concluded. They eased to some extent the tension

between France and this country, but proved of little value and were later shamelessly repudiated by Germany.

In 1928 the Briand-Kellogg Pact was drafted and eventually accepted by some fifty-six nations. Its purpose was to "outlaw war," or in other words to renounce war as an instrument of national policy and agree to settle all disputes by pacific means. Two years later a League Committee was appointed to amend the Covenant so as to bring it into accord with the Pact. This gave rise to an interesting discussion in *The Times* in which Lord Cecil, Philip Kerr (afterwards Lord Lothian) and Sir Austen Chamberlain joined. The former inclined to the view that the Covenant should be amended so as to impose on members of the League the obligation to apply sanctions in the event of a breach of the Pact. Philip Kerr considered that this should not be done without previous consultation with the signatories to the Pact, some of whom were not members of the League. Sir Austen went further and demurred entirely to the proposal, on grounds which seemed to me to prove that he had serious misgivings regarding the application of "sanctions," and shared my view that their efficacy depended largely on the universality of the obligation and the amount of force behind them. He pointed out that the greatest burden would fall on the British Empire as the chief Naval Power, and, he added, "the reductions effected in our Navy in advance of international agreement make the assumption of such increased burdens particularly rash."

Intervening in the discussion,¹ I urged that, so far from attempting to apply sanctions to a breach of the Peace Pact, making them by this means compulsory against all war, the time was ripe to amend the Covenant by the complete elision of Article 16, thus bringing it into harmony with the underlying principle of the Pact, and, by perfecting the machinery of conciliation, to train the world-mind to regard the idea of war as unthinkable. "Once the idea of physical force," I wrote, "is thus relegated to the background closer co-operation with the United States is possible, disarmament becomes logical and the danger of war recedes." Without any plans for collective military action, the League would, I felt convinced, collapse if seriously challenged and leave the British Empire to bear the burden of its obligations. Better by far, I thought, drop the idea of physical force, relying on moral pressure so far as the League was concerned, and leave to the forces created by professional realists the task of curbing the ambitions of aggressive nations.

4

In 1931, there were ominous clouds gathering in the Far East. Lord Cecil, who had spent that summer abroad, had seen or heard nothing at Vienna, Prague or Heidelberg indicating great international changes or the downfall of the League. He was even assured that the Nazi movement was declining. Actually Hitler's following doubled between 1930 and 1932.

The first direct challenge to the authority of the League came from Japan, and immediately every warning given by my staff in 1917 was justified, every prophecy fulfilled. Lord Cecil relates² that, when the Japanese attack on Manchuria had assumed serious proportions, he summoned an unofficial

¹ *The Times*, 10th March, 1930.

² *A Great Experiment*, p. 225.

committee, consisting of himself and three others "all with considerable experience of the League," no doubt in happier circumstances, "to consider what could be done if Japan were obdurate." They reported that, in view of the Japanese attitude, Articles 15 and 16 might have to be invoked, that is, that "sanctions" might have to be applied but that "no such sanctions could be effective unless the United States would join in them." In other words the League had imposed obligations on its members which could not be fulfilled without the aid of a non-member. Lord Cecil observes on this that "the truth is that Japan is very vulnerable to economic sanctions." I would go further. As stated in the memorandum of 1917, a densely populated island makes the most vulnerable target for "sanctions," but Japan consists of no less than four large islands and, so it is said, of over 4,000 smaller isles and islets. It is, *a fortiori*, from the point of the League, the ideal aggressor against which it could fulminate with decisive results, and find in "sanctions" an instrument which, in Lord Robert Cecil's words, "would exert considerable pressure on a recalcitrant Power without causing excessive risk to the Powers using it."¹ What the risk would have been can be judged from the results that have followed the entry of Japan into the Second World War. There would have been little or no risk, however, if the force behind the League had been overwhelming and had the machinery existed to make its immediate application possible. But there was no organized force and no machinery, and the membership of the League was not universal. All, indeed, was vague, nebulous and amateurish. As soon as it was realized that "sanctions" could not be effective unless the United States joined that fact should surely have led to a reconsideration of the League's functions and value. Was I not justified in urging continuously that Article 16 was useless and should be repealed?

We had foretold in 1917 that if the League were seriously challenged the risk of defections would compel it to wage war, or be stultified. We had not anticipated that the first Power to be accused of betraying the League would be Great Britain herself. Yet so it was. The United States and Russia with their large interests in the Far East might, one would have thought, have joined with the British Empire in defending the integrity of China, but they were not members of the League and gave no sign that they were prepared to support pressure on Japan by economic sanctions or force of arms. Alone, we could not even have defended Hong Kong from attack. The United States left the initiative to the League but stressed the need for caution and even deprecated the proposed dispatch of a military mission to China. In a military sense, indeed, the League was powerless. There was no choice before the British Government but to ignore the aggression, or, unarmed and alone, to shoulder the burden of a war with Japan, at a moment when we had just abandoned the gold standard to meet our financial difficulties. A little later, when British, American and other financial interests were directly touched at Shanghai, British warships intervened decisively: there was, however, no talk of "economic sanctions," and the United States, which also had considerable interests in Shanghai, were seemingly prepared to protect them.

5

Two conclusions may be drawn from these events: one that the nations of the world were not, in 1931, expecting to be asked, nor in the mood to accept

¹ *A Great Experiment*, p. 355.

the ordeal of battle merely in defence of the ideal of world peace; the other that, in the last resort, economic sanctions, like diplomacy, must rest for support upon armed forces. It may be added as a footnote to this virtual surrender of the League at the first serious challenge to its pretensions, that it re-created the tension between ourselves and France, and disinclined the French to reduce their armaments. Then, as always, Britain's military weakness undermined the confidence of our friends and encouraged the predatory designs of our enemies. As early as 1932 Mr. Winston Churchill was growing anxious lest once more "Britain's hour of weakness" should prove "Europe's hour of danger." This should have served as a salutary warning to all and led to the acceptance of the two conclusions mentioned above, but the framing of the questions for the Peace Ballot in 1934 proved that its authors had not yet grasped the fact that economic sanctions and military measures are one and indivisible, since the one is only possible if it is backed by the other. I insist once more on this point because the fiasco against Japan was due to the well-founded belief in Government circles that there were insufficient forces in the Far East to risk the imposition of sanctions, and to the failure of the League to take practical measures to ensure a display of overwhelming force where and when required.

Things went from bad to worse. When the Nazi Party secured power in Germany, a race for re-armament began in which Great Britain was hopelessly outdistanced, and on account of which and of the way in which the Anglo-German naval agreement had been negotiated, France became deeply anxious. Italy, emboldened no doubt by Japan's successful flouting of the League, contemplated and prepared for the invasion of Abyssinia by force, secure in the inference derived from the failure of the British Prime Minister at the Stresa Conference to utter any word of warning or even to mention the subject of Abyssinia, that France was hypnotized by events in Germany and would take no action that would lead to war, and that Great Britain, whose land and air forces were deplorably weak, would take none in isolation. That, indeed, was the position Mr. Baldwin's Government, buttressed on the General Election of October, 1935, assumed and doggedly resolved to maintain. Their attitude gave rise to much controversy and letters to the Press and leading articles discussed and re-discussed the pros and cons almost *ad nauseam*.

In November, 1935, taking the National Government's Election Manifesto as a text, and unity in defence as my subject, I urged the leaders of our political parties to meet in conference to determine what forces were necessary, allowing a reasonable margin of safety, in order to ensure the collective system of security against possible risks. Great Britain, I added, could make no greater contribution to the cause of peace than by pursuing a defence policy known to be acceptable to all political parties and *to rest on adequate forces*. Japan had challenged the League once and might again, and Italy had followed suit, for, on 3rd October, 1935, the rains being over, her troops had invaded Abyssinia. Nor were these the only danger signals. It was known that Germany had been re-arming apace since 1933, at first secretly, but, after March, 1935, openly. To serve as a cadre of army officers, police forces had been re-organized and unified; strategic roads had been built, a vast industry created for the manufacture of substitute (ersatz) materials, and her man-power, transportation and distribution services, even her capital and credit, all organized for one obvious purpose.

It was, indeed, the latter threat that had hypnotized France. She can have had no illusions about the growing menace, and must have felt that a quarrel with

Italy over Abyssinia would be the height of folly. The situation in which Great Britain had become involved was indeed tragic in its absurdity, for in the past we had undoubtedly encouraged Italian activities in Abyssinia, had ourselves, apart from Lake Tana, no interests in that country and had strongly opposed its admission to the League of Nations. Moreover, it was doubtful if its Emperor had any hereditary or other right to be seated on the Imperial throne, or any better claim to the greater part of his Empire than the right of conquest. It has indeed been declared on good authority¹ that "the truly expansionist Power in the years before 1935 . . . was Abyssinia" which "by incessant and aggressive warfare against the Mohammedan tribes to the south" had trebled the size of its territory. Be that as it may, the League decided to apply economic sanctions and fixed 18th November as the date for their application. For two or three days the machinery is said to have worked well, but no attempt was made to cut off the most vital of all imports, oil, because without American co-operation it could not be done. Nor was any attempt made to close the Suez canal, for fear of the consequences. Since, therefore, France thought that a quarrel with Italy would be an act of lunacy and was not prepared to go to war on behalf of Abyssinia, and as Great Britain would not act in isolation, Mussolini was in a position practically to dictate his own sanctions. While their effect was still in doubt, Sir Samuel Hoare met Monsieur Laval in Paris and negotiated the Hoare-Laval agreement, which the Emperor was to be pressed to accept. Its reception in this country and Sir Samuel Hoare's consequent resignation are matters of history. His explanation was simple: that the agreement was the only alternative to military sanctions and these he was not prepared to adopt. That being the case, he, of all men, should never have embarked upon economic sanctions.

CHAPTER XIX

CAUSES OF FIASCO

"NEQUE QUIES GENTIUM SINE ARMIS"

(*Nor can the peace of nations be secure without arms.*—TACITUS)

1

EARLY IN 1936 THE GOVERNMENT BEGAN TO RE-ARM IN EARNEST THOUGH AT far too slow a *tempo*. They recognized at last, as M. Léon Bourgeois had from the first, that economic sanctions without military backing are not sufficient to prevent war. The failure of President Wilson to induce the United States to enter the League is frequently declared to have crippled it and so to have been responsible for the Second World War. This is a complete misapprehension. The course of the present war proves incontestably that, even if the United States had joined the League, their entry would have changed nothing unless they had been prepared to insist upon effect being given to M. Bourgeois' oft-repeated advice. The real point is that economic sanctions are an act of war, and if imposed must have the immediate support of an organized and sufficient striking force. The foundations of the League rested on sand: sanc-

¹ *Italy in Africa*, by Christopher Hollis.

tions cannot constitute "an instrument which would exert considerable pressure on a recalcitrant Power without causing excessive risk to the Powers using it." They can merely give a hint of force in the background. If that force is insufficient or unorganized the risk is terrible. If on the other hand, it is sufficient and fully organized for immediate use, the mere threat of sanctions will probably prove effective, and at any rate can lead to no such difficulties as those in which we have been involved through following the will-o'-the-wisp of too idealistic conceptions.

When the United States failed to join the League and Germany and Japan withdrew, economic sanctions should have been expunged from the Covenant, and the peace-loving nations should have looked to their armaments alone and in collaboration embarked at once upon measures of defence. The attacks which have been made on British Governments and statesmen are most unfair. If there is blame, it should rest on the authors of the Covenant more than on anyone else. The bent of Lord Cecil's mind is seen when he asserts that the British Government should have acted "with greater vigour in the early stages of the Abyssinian affair, for our naval strength was undoubtedly sufficient to coerce Italy." He shared, in fact, the view of the smaller nations, who cherished the idea that the aid of the League should be invoked but that its coercive force should be supplied by the British Navy even though acting alone. A vote for sanctions was no longer a vote for a combined attack on Italy by France and England, as Bernard Shaw had declared it to be, but a vote for a single-handed attack on Italy by the British Empire alone.

On this point Mr. Winston Churchill had a good deal to say, and a long letter over his signature appeared in *The Times* in April, 1936. He showed with what good reason France was afraid of "their tremendous neighbour, arming night and day" and "ruled by a dictatorship which at an hour's notice can launch the mighty forces, now ceaselessly and rapidly forming, into an aggressive war"; how she had recently reached a favourable agreement with Italy and how Great Britain, till then regarded as completely pacifist, was now, in "her desire to uphold the Covenant and prevent Italy from conquering Abyssinia . . . ready to face the risk of a war with Italy in which she would have borne practically the whole weight." "The matter," wrote Mr. Churchill, "appeared in a different light to the French. The risks of the two countries did not seem equal. . . . To France a quarrel with Italy meant re-arming her southern front and probably in a short time having to witness the inclusion of Austria in the German war-power." Mr. Churchill expressed his amazement at the lengths to which M. Laval had been induced to go, and though he did not go far enough to please some, he went far enough to estrange Italy. "This estrangement," he continued, "gave Herr Hitler his opportunity. He struck his blow and the safety of France suffered an injury so grievous that we are actually at this moment making our war plans, although we have virtually no army, to defend France and Belgium, if they should be attacked." Let those who blame Neville Chamberlain for his part at Munich remember, too, that we had few tanks and no sufficient air force, and that France, equally unprepared for war, would not and could not march.

2

Mr. Baldwin also indulged in prophecy no less successfully. Declaring that collective security does not mean "that all the work is to be done by the

British Navy for nations that do not look after themselves," he deprecated the light-hearted way in which "some of the more enthusiastic supporters of the League would plunge this country into war, and warned his audience that "when war starts to-day, wherever it starts, no man can see where it will finish or where it will go. . . . Every country that goes into it is into it with every man and woman of that country." He then went on to indicate "the problems we have to examine," and proceeded to ask some of the questions I had asked twenty years before. Will the nations of Europe march for any less threat than what they can themselves consider to be a threat to their own security? Has Europe that international mind that will make the cause of one the cause of all?

Surely, however, these problems should have been examined and solutions found before this country was committed to the policy of imposing economic sanctions in support of the Covenant. It has been said that economic sanctions do not necessarily mean war, and that the mechanism of the League did not fail. But sanctions, I repeat, are an act of war, and in peace are unenforceable. As for the mechanism, it could not fail because it never existed. The League was never sufficiently well organized to stand up to an aggressor, but it could, as the first ten years of its existence proved, have continued to do a great deal of useful work without the imposition of sanctions—this point has been emphasized by Mr. T. P. Conwell-Evans—and it could have contrived an organization which, in the last resort, it could have summoned to enforce its decisions. That organization, however, should have been created by professional sailors, soldiers and airmen upon a solid foundation under the direction of an International General Staff, such as M. Bourgeois from the first desired, and not have remained the baseless fabric of visionary lawyers, pacifist professors and Nobel Peace Prizemen, on which

"If but a beam of sober Reason play

Lo, Fancy's fairy frost-work melts away."

With such thoughts in my mind, I made another appeal for the deletion of Article 16 from the Covenant, on the ground that "the imposition of economic and financial sanctions cannot prevent, and still less end, a war of aggression unless the nations that impose them have a collective preponderance of military force and are known to be determined to use it, if necessary, against the aggressor." Applied alone they but act as a pinprick. The cause of the League's failure lay in its reliance on a weapon which, if misapplied, was bound to break in its hands. "The League," I wrote, "is not, in my opinion, intended 'to control the fate of Europe' by force of arms, but by moral pressure and in due time by force of law. If I am wrong in this and physical force is to be applied, then let it be applied effectively. Those peoples who feel that their highest interest is international peace must, in the last resort, be prepared and equipped to wage war together in its behalf against any nation that breaks it. The idea of economic and financial sanctions as a weapon for waging bloodless war was, and has proved to have been, an escape from reality. When all is said, the sword is mightier than the pin."

The logic of events was gradually remoulding opinion. Sometimes the evidence of this came from unexpected quarters. Mr. H. G. Wells was, accord-

ing to Sir Campbell Stuart,¹ one of the first advocates of the ideal of a League of Free Nations, including all nations, involving some sort of International law-making Congress, a supreme Court of Law in which States could sue and be sued and whose decision the League would be pledged to support, supervising and limiting armaments and restraining unsanctioned "expansionist" movements. His ideal, greatly superior to Lord Cecil's, did not contemplate the latter's fatal device of bloodless war by economic sanctions. He intended to achieve collective security by force of arms, and, it is fair to add, postulated some restriction of sovereignty in respect of armaments, tropical possessions and subject peoples. Mr. Wells now appears to have shifted his standpoint, and indeed gone to the other extreme. "The League of Nations," he wrote eighteen years later, "is a blind alley in which a vast wealth of hope and good intentions has been wasted. The idea had great superficial attractiveness for eager, unthinking people but it has almost as much reality in it as a vegetarian league of wolves." I should not myself have dubbed Mr. Wells "unthinking"—"eager," too eager, perhaps, but not "unthinking."

Further evidence of a change of opinion was supplied by a letter in *The Times* from Lord Lothian.² "It is now clear," he wrote, "that economic sanctions against a great Power are either ineffectual as immediate pressure or lead to war." He then came completely over to my side, advocating, if the League was to continue unreformed, the creation of a first-class General Staff to advise on the military consequence of its policy or, alternatively, the repeal of Article 16 and an invitation to its members to consider how it "can be restored to the universality which is its essence and continued as an instrument for international conciliation and a focus of world unity . . . and not as, what General Smuts called it, an international War Office." We, for our part, he added, must be content to create a regional security system, committed to defend from aggression France, Belgium and Holland but not the rest of Europe nor presumably their possessions overseas. Lord Hardinge of Penshurst hastened to welcome these suggestions, and strongly supported them. Lord Ponsonby of Shulbrede was of the same opinion. "If the true lesson is learned," he wrote,³ "the elimination of the element of force from the Covenant of the League will be the means of strengthening the League's authority, restoring and perhaps completing its membership and avoiding another deplorable failure in future."

It must be confessed that the problem to be solved was not easy. Lord Davies was all for pooling and organizing in advance the potential strength of the League members so as to secure a superiority of force on its side. That, of course, was just where the League had failed. The "superiority of force" had eventually boiled down to the superior strength of the British Fleet over the Italian and Sir John Simon had just declared, very wisely as it now appears, that he "was not prepared to risk a single ship to preserve Abyssinian independence." Lord Davies, moreover, offered no solution of the main difficulty, that none of the League members had shown any enthusiasm for pooling their armed strengths in the cause of justice, or for fulfilling any obligation that might involve them in war. Mr. Winston Churchill, who had shown so recently such a sympathetic understanding of France's difficulties, also came out strongly in favour of a League of Nations which would confront a potential aggressor with organized and overwhelming force and be prepared to make equal sacrifices

¹ *Secrets of Crewe House*, p. 62.

² *The Times*, 29th April, 1936.

³ Letter to *The Times*, dated 23rd June, 1936.

and efforts. It is, of course, true that, if such a League could be organized, an aggressor would be mad to challenge its might. But it never was organized and, in that form, probably never could have been.

4

In December, 1936, a League Committee met in Geneva to consider the question of improving the machinery for applying the principles of the Covenant. Mr. Bruce of Australia attributed the League's failure to the fact, emphasized by me twenty years before, that Governments will not commit their people to war for a cause which does not vitally concern their immediate national interests. As, since the advent of the internal-combustion engine and broadcasting, the world has become so much smaller that no nation can hope to maintain its neutrality wholly unaffected by a total war, it takes but little imagination to perceive that every major war does vitally concern the interests of every nation and will do so increasingly in future. This, however, is not yet fully recognized. Even so far-sighted a statesman as the late Lord Lothian was, in 1936, still thinking in terms of regional security. The member States, invited to submit their views, agreed generally on the value of the League and of collective security but recalled that the chief functions of the League, as originally planned, were to prevent war and settle disputes by peaceful means. The punishment of the aggressor was by many nations felt to involve such risks as must militate against universality and without universality the danger must be aggravated and action handicapped. Eventually, therefore, discussion centred on Article 16, and disclosed the utmost diversity of opinion. It is of deep significance that most of the Governments represented shared my views and were strongly opposed to the inclusion in the Covenant of any obligation to take military action. The Assembly had already endorsed the withdrawal of sanctions against Italy, and in the end nothing of substance was effected by the Committee. But it is to be noted that, as Mr. Eden had stated in his speech to the League Council at Geneva on the 20th April, the British Government was, and had always been, prepared faithfully to fulfil its obligations under the Covenant, that it maintained its confidence in the League as the best instrument at present available to mankind for the preservation of international peace and was prepared to act in accordance with that policy at all times "as long as other nations are and no longer, to the extent that other nations are and no further." This was the correct view and we adhered to it rigidly. How well we observed our obligations is proved by the figures given in the statement issued in May, 1936, by the Committee of experts at Geneva. They show that the British Commonwealth of Nations was more assiduous in applying sanctions and made far greater sacrifices in respect of her trade than any other country. Statements to the contrary by too zealous friends of the League were, therefore, misdirected, and, coupled with their habit of attributing all its failures to the British Government, must have proved most mischievous and damaging to the cause of peace. They certainly led the Italian people to believe that we alone were responsible for imposing sanctions and turned their traditional friendship into hostility. They even betrayed so distinguished an historian and scholar as Dr. G. M. Trevelyan into the error of declaring that, because the League, after imposing a feeble measure of economic sanctions, shrank from resort to military sanctions, and because Great Britain had taken the lead in expressing her willingness to

fulfil her obligations provided that the other nations did their share, what followed could therefore properly be described as "in part our own fault," and as an Italian "victory over Great Britain at the head of the nations associated in the League."

5

No sooner had the abortive League Committee ceased its labours, than a "Declaration on Peace" most influentially signed, was issued to the Press by friends of the League. It was published on New Year's Day, 1937, and was followed in March by a supporting appeal. In April it was countered by a letter in *The Times*, sponsored by a number of distinguished persons "of diverse experience and outlook," to quote *The Times*' leading article, "speaking with impressive unanimity." The "Declaration" had affirmed that "war can be averted and a stable peace permanently maintained if the members of the League of Nations make plain their determination to fulfil their obligations under the Covenant and take any measures required for the prevention of repression of aggression including, if necessary, military sanctions." By "military sanctions" was meant, of course, war, and it would have been more honest if the authors of the Declaration had said so and added that it was within their knowledge that many of the League's member-nations were strongly opposed to any such action, and that while some of the most powerful nations were not members of the League, others were showing a strong spirit of aggression. The Declaration also stressed the importance of establishing effectual machinery to remove the major causes of war. Those who signed Lord Arnold's reply to this Declaration, fastening on this point, urged the necessity of "equipping the League to do justice as between nations," and the duty of formulating practical proposals with this object. They observed with devastating logic that until the League should command universal membership, "to strengthen its sanction system is merely to increase the probability of war, to turn every local war into a world war, and in the end to destroy the League altogether. We believe," they continued, "that the ideals of the League represent the only road towards lasting peace. But we believe that the way to restore the League is not to turn it into an international War Office but rather to prove that it is an effective instrument for reconciliation, for the settlement of international disputes by pacific means and for the removal of the causes of war."

The Declaration and the reply reopened the already protracted discussion of the League's true functions. Lord Cecil, Professor Gilbert Murray, Lord Lytton, Lord Parmoor and many others wrote on behalf of the Declaration; Lord Ponsonby of Shulbrede, Lady Astor and Sir John Fischer Williams were among those who agreed with Lord Arnold's letter, to which Mr. Lansbury, Dr. Raven, Lord Hardinge, Lord Rennell and Sir Francis Lindley had also subscribed. The cleavage was very pronounced. My friend, Sir John Marriott, writing very objectively, put the matters in dispute very clearly. In effect he said that the League of 1937 was not the League as conceived in 1919 but the alliance of 1914 bereft of Japan, Italy and the U.S.A.; that "collective security" under a Covenant to which the latter countries, as well as the British Empire, France, Germany and Russia adhered *ex animo* would become a reality; but that otherwise it was a delusion and might easily become a terrible snare.

I had hoped that the leading article in *The Times* of 14th April, 1937, had said the last word on this subject, viz., that the League should be treated solely

as "a piece of machinery to be operated by peaceful means for peaceful ends." I joined in the discussion to emphasize this point, for which, indeed, there is high authority. One at least of those who framed the Covenant never intended the League to be a military machine. "It was not conceived," General Smuts has declared, "or built for that purpose," nor "equipped for such functions."¹ He must be acquitted of all responsibility for the fiasco which followed the failure to act upon his advice.

The Sword of Justice should hang upon the walls of the Permanent Court of International Justice, and never be taken down except by its servants and under its authority.

¹ Address to the Royal Institute of International Affairs, 13th November, 1934.

PART IV
BUILDING ANEW

CHAPTER XX

THE PREVENTION OF WAR

"SCELERATA INSANIA BELLI"
(*The criminal madness of war.*—VIRGIL)

1

My concern with these past and irrevocable mistakes is not merely to expose the folly of relying upon Economic Sanctions unsupported by organized military forces to prevent war.¹ My primary purpose is to advocate an alternative plan. This will be found to differ but little in most respects from the idea underlying the League of Nations, i.e., the exhaustion of every pacific means of settling the rival claims of nations, whether by negotiation, arbitration or mediation, before resort to any form of outside pressure. The only difference contemplated, and it is of vital importance, lies in the means of applying effective pressure in the last resort.

Before discussing that question, however, the future world-policy which any organization of international co-operation should pursue in its effort to further international justice—a problem to which little attention has been paid in the past—seems to me to deserve some consideration. "If," I wrote in 1936, "the League is to remain the keystone of British foreign policy and the instrument to which we must look for the establishment of settled peace in the world the British people, and not only the British, have a vital interest in ensuring that the League's policy should be directed with wisdom and foresight and be correlated, as far as possible, with the future conditions to which the world is tending, so far as these can be foreseen. Is sufficient account yet being taken of the full implications of the conquest of the air? In a world in which all peoples are within earshot and will soon be within gunshot of each other, are present-day boundaries likely to be immutable? Is there not a rapid trend towards a more homogeneous level of civilization? Are not the blatant displays of nationalism, which we are now witnessing, self-protective devices for safeguarding national cultures from the possible effects of this tendency?"² In such a world of flux, will not every backward race remain, like the vermiform appendix in the human body, a functionless danger point likely to flare up at any moment and infect the whole body politic, or a temptation to an impecunious surgeon to undertake a radical operation? If this is so, should not Article 22 of the revised Covenant be applied more frequently in the case of "peoples not yet able to stand by themselves under the strenuous conditions of the modern world?" Should not the more "advanced nations who by reason of their resources, their experience or their geographical position can best undertake the responsibility and are

¹ Since this Chapter was written, Field-Marshal Smuts has emphasized the need for leadership and power behind the will for peace.

² Cf. the Epilogue to Adolf Hitler's *Mein Kampf*.

willing to accept it," be encouraged to assume the tutelage of such peoples as mandates on behalf of the League under the conditions so precisely and clearly stated in that Article? Could any greater service be rendered to the world than that given by a nation which accepts the task of bringing order out of chaos in regions distracted by brigandage and marauding, provided only that it does not close them to the peaceful commerce of the world and that it is done by authority and under the direction of the League?"

But how could aggressive and predacious nations be entrusted with the disinterested mission of guiding, without exploiting, adolescent peoples? Is this not obviously a task for those democratic States in which the sentiment of altruism is most strongly developed? And can the United States of America refuse to share a responsibility which, if not accepted by those who ought to shoulder it, is likely to be usurped by those who ought not?

2

In the final chapters of his autobiography Lord Cecil draws his conclusions regarding the causes of the League's failure to maintain peace, and in an appendix adds a memorandum on World Settlement after the war. It is because I hold strongly that his analysis of that failure is misconceived, and his proposals for a new League inadequate, that this and previous chapters have been written. One may agree with him in most, if not all, of his abstract precepts: e.g., "aggressive war wherever it occurs is a danger to the peace of the world; we ought, therefore, to be ready to join with other peace-loving nations in stopping such a war, if necessary by force," and further that we cannot police the whole world by our own unaided strength. It would seem to follow that other nations who are strong enough to do so must be prepared to play their part in fighting aggression. One can agree with him in dissenting from the pacifist position, especially as he now admits that no remonstrance, however weighty, can be trusted to restrain a deliberate and calculated aggression. But I cannot accept, indeed I utterly reject, his idea of a complete Confederation of European States, since it would at once create a vicious dichotomy of the British Empire, severing the territories overseas completely from the Motherland. The inclusion within a United States of Europe of States which for centuries have had closely knit but widely scattered constituent parts in both hemispheres and in four or five continents is not a practical proposition, and would create more difficulties than it would solve. Nor can his proposed amendment of Article 16 satisfy me, since the only sane course in my opinion is to cut it right out of the Covenant. In that Article, I am convinced, the main cause of the League's failures is to be found, though Articles 10 and 11, through lack of precision, are equally open to criticism.

The view I have always taken is that many disputes which arise between nations are capable of adjustment by diplomacy, discussion at a round table conference, mediation, arbitration and similar peaceable means, and there are many opportunities of international co-operation which, if taken and extended, would gradually effect a radical improvement in international relations. It is work enough for a Society or Community of Nations, call it what you please, to strengthen the friendly ties between nations, and, as mentioned among the aims of the League of Nations Union, to foster mutual understanding, goodwill and fair dealing. It should indeed seek to become an "organ of co-operation," and

of consultation but not an "arbiter of differences," nor an "instrument for removing injustices threatening the peace of the world." It should by all possible means encourage travel and intercourse between nations, and intellectual co-operation, and it could go on doing important work in connection with the labour, health and other similar matters."¹ It should be, I repeat, in words already quoted, "a piece of machinery to be operated by peaceful means for peaceful ends." It might incorporate the existing machinery of inter-allied collaboration in shipping, the production and distribution of raw materials, etc., as well as the essential organization for post-war relief, food production, and other services which must be created if chaos is to be avoided. Its membership should include all autonomous nations on equal terms.

The adjustment of differences between nations and the promotion of peaceful changes with a view to the early removal of injustices threatening the peace of the world should be outside the province of this Society of Nations. It should be the duty of a judicial body, for which the Permanent Courts of International Justice and Arbitration suggest a basis but with enlarged jurisdiction. Every claim of one nation against another, even those affecting honour and vital interests, must be justiciable by the established Court in accordance with rules to be settled by a Council, preferably an international judiciary, consisting of a representative of each of the Great Powers, and of every group of independent national States voluntarily co-ordinated for this purpose. For the sake of efficiency it is desirable to limit the number of representatives attending the Council, and at the same time it is essential to ensure that the interests of the smaller States are not ignored nor their national status diminished. In this connection it may not be irrelevant to remark that the United States of America, the Union of Soviet Socialist Republics and the British Commonwealth of Nations are all States united by consent. There is nothing derogatory to the smaller States in the suggestion that they should form groups for this and other purposes.

3

Acts in defiance of an order of the Permanent Court and acts of wilful aggression by bellicose nations should be no concern of the World Society. They should be repressed by military action by a more limited League, every member of which should agree to keep in being organized forces ready for such emergencies and to co-operate for the maintenance of peace by military action, if necessary. To this League only those nations or co-ordinated groups of nations should be admitted which are of one mind, convinced that peace is their highest national interest, known to be ready loyally to accept the decisions of the International Court (the acid test of their sincerity) and determined to resist lawless force by lawful force. This would not constitute a permanent alliance of some nations against the rest of the world, an idea which would not, I think, be entertained by any sane person as a means of maintaining peace. It would be an agreement made by certain law-abiding nations with the rest of the world to act as their agents in suppressing lawlessness and to provide the necessary forces for this purpose in support of decisions of a lawfully constituted International Court. Had there been such a League in existence in the days

¹ An international Charter to secure to all animals effective protection against cruelty would give immense satisfaction to humane people of all nationalities.

when Germany was driving a coach and four through the Peace Treaty; if, instead of relying on an illusion of collective security, we had formed an international organization consisting of such peace-loving countries as commanded sufficient armed forces and were prepared to make them available to, maintain inviolate the peace of the world, each one, according to its means, contributing an agreed quota to the collective strength of the whole, each with a full knowledge of its obligations and of its place in the combined design, and, as M. Leon Bourgeois urged so persistently but in vain, with a General Staff to organize and direct the available forces, if all this had been done, who knows but that the present disastrous war might have been averted.

M. Bourgeois should have been given the fullest support of the British delegation. If he had, it may be that, in September, 1940, Lord Cecil would not have had to deplore the wide extent and consequent vagueness of the League's obligations, or the fact that the fifty odd Members of the League found themselves pledged to carry out against an aggressor in any part of the globe the onerous duties imposed by Article 16 without being quite certain what they were, and without the smallest preparation for swift and effective military action in the event of the League being deliberately flouted. For these omissions, which did much to wreck the League, since they made inevitable the lamentable lack of solidarity among the League Powers which he deplores, he must accept some of the blame. Nor can he dissociate himself from responsibility for another fatal mistake, the creation of the League as an integral part of the Treaty of Peace, for that blunder had its origin in his own draft of the Conference's Resolution in favour of the League. Its effect was to exclude the ex-enemy and neutral Powers from all participation in the consideration of the Covenant and to allow Germany to make the disingenuous claim that it was dictated, not discussed. Italy and Japan, who also broke from the League, were, however, among the victor Powers, which suggests that though these nations, it must be admitted, were profoundly dissatisfied with the fruits of victory, the causes of Germany's withdrawal and subsequent acts of aggression are not to be found in the Treaty of Versailles. The incorporation of the Covenant into that Treaty was, however, as Lord Cecil admits, a grave error, and the original draft was confessedly his,¹ yet for some reason unexplained, he attributes the chief responsibility for its consequences to the French Government.²

4

But Lord Cecil's fundamental mistake, and the one that involved the League in its most serious failures, was his ineradicable belief that in economic sanctions he had found an infallible instrument which would compel respect for the League without undue risk to the Powers employing it and without embroiling them in war. His belief rested apparently on the false assumption that only naval power was needed to enforce it. He saw no need, therefore, for other forces or for any organization such as that on which, in the First World War, the Blockade rested. The Italians, who had collaborated with us and with the French in enforcing the Blockade, knew better. They knew its limitations; they knew, too, that with an open frontier to the north they had little or nothing to fear from it. The French, too, knew that their sacrifices

¹ *A Great Experiment*, pp. 66-7.

² *Ibid.*, p. 85.

would be futile. As soon as it was realized that economic and military sanctions are one and indivisible and that both are but euphemisms for war, not bloodless, but pitiless war, the members of the League began to contract out of obligations into which they had entered without full consideration, and their solidarity crumbled. They took advantage of the ambiguities in the Covenant, condemned the aggression and fell back, as Lord Cecil says, upon "appeals against the aggressor to the public opinion of the world."

But that must not be the end of the League of Nations. Lord Cecil may well be numbered among those "good patriots, who for a theory risked a cause." But the cause will survive if we but abandon the military basis of the Covenant, and relegate force to the place where it properly belongs, a smaller but powerful League of like-minded nations or groups intent on peace but ready for war in support of law and justice. As Mr. Churchill proclaims, "This was the sovereign plan. . . . If the League of Nations has been mishandled and broken we must rebuild it. If a League of peace-seeking peoples is set at nought we must convert it into a League of armed peoples, too faithful to molest others, too strong to be molested themselves." I must, however, reiterate the need for a triune of three bodies: a Society of Nations, of peace-seeking peoples, pledged to submit all disputes to the Permanent Court of International Justice, renouncing war as a political instrument, and co-operating steadily by peaceful means for peaceful ends; the Permanent and Final Court of International Justice, and a smaller League of armed peoples, ready and willing to undertake the dirty but necessary task of coercing the law-breaker, conscious of their duty, faithful to their definite pledges and strong enough to give effect to them.

In such a triune lies, I believe, the best hope of assuring freedom from fear. For this I pleaded throughout the nineteen-thirties. Force must be there, but maintained separately and relegated to the background. This ideal is based, by analogy, on the organized social life of every civilized community, and, in the same way, the criminal must not be able to count upon the neutrality of bystanders: no nation should be allowed to shirk the duty of upholding the law, and all should accept this obligation, convinced that an attack on one is a threat to all and in the knowledge that proper machinery has been provided, as it should be, for the administration of international justice, and, above all, for the peaceful accomplishment of change, inevitable in a progressive, dynamic society. To this conclusion, common sense and circumstance alike seem to be leading the world.

In order to ensure prompt and effective action in any threatened quarter, the power of the coercive League advocated above might be decentralized and regional areas for defence be formed, by agreement between the States immediately concerned, in Europe, the Far East, etc.¹ Such a policy, however, would be disastrous if it were allowed to break the spiritual unity and practical solidarity of world-wide political entities, such as the British Commonwealth of Nations. Unless, moreover, the full weight of the whole British Empire stood behind every agreement into which any constituent Nation of the Commonwealth might enter, regional security might prove an illusion. Such agreements should in any case be precise, available forces being properly

¹ Since this Chapter was written, Australia and New Zealand have reached what has been described as "a regional understanding serving a global ideal" and as "a Pacific Charter" designed for mutual defence. This would seem to be the first step towards the creation of regional defence areas.

organized, and plans completed for immediate action. Every detail should be studied and agreed by the appropriate authorities and the final plans be discussed and approved by an Imperial Conference if British troops are likely to be involved. There must at all costs, be an end to the vague, amateurish generalities of the League of Nations.

What are the tendencies to which I referred on page 127? The policy of Liberal *laissez-faire*, now, being dead, derided, was throughout the nineteenth century but a phase in a great beneficent social movement directed to the emancipation of the individual and to secure equal political rights for all. In the international sphere, it led to the idea that the uncontrolled activities of individual traders would tend to lower international barriers, nullify political frontiers, and thus reduce the chance of conflict between peoples. Unfortunately, as so often happens when nations or individuals stray from the middle course towards one extreme, there was a violent reaction towards the other. We have seen that Bismarck greatly resented the importation of British ideals of liberty into Germany, and countered them with a progressive despotism. At the same time, in the sphere of national social policies the unrestricted operation of economic forces in the name of individual Liberty condemned many of those who fell below the average standard of health, education or opportunity to a degraded existence. The glaring inequalities resulting from *laissez-faire* Liberalism swung the pendulum to the opposite extreme and gave birth to the Socialist creed of revolutionary socialism, altruistic, no doubt, in intention but despotic and totalitarian in effect. The conflicting claims of these rival ideologies have proved everywhere disastrous both to social and national security. The world turned to nationalism and self-sufficiency, which only the most powerful nations could assert and then only if operating in rival groups. When one group sought to expand its social, political and economic influence by strategic aggression, and the other to defend itself from permanent subjection, war became inevitable, and must continue to be waged until the conflict is resolved by appeal to reason and law.

CHAPTER XXI

THE ORGANIZATION OF INDUSTRY

"IN MEDIO TUTISSIMUS IBIS"

(*The middle way is the safest.*—OVID)

1

AMONG THE CAUSES OF THE "LOST PEACE," THE MISCHIEFS CREATED BY THIS unfortunate conflict of ideologies cannot be left out of account. They may, indeed, have been, directly or indirectly, the main cause. They were accentuated, on the one hand, by the exclusion of the manual workers and their leaders from the financial and managerial mysteries of their employment, and, on the other, by the discontent and class-feeling aroused by irresponsible and fallacious Socialist propaganda.

Asked in May, 1919, to lecture to the Industrial Reconstruction Council, I took as my subject "The Economic Limits of Nationalization." The more I had studied the question of Capitalism *versus* Socialism, the more convinced

I had become that the extreme partisans of either system were, for their own purposes, grossly exaggerating the extent of the fissure between the two. To my mind, no question of principle is involved, but only one of expediency. The question is: in any particular industry, what would be the effect of nationalization upon the social well-being of the whole community? That question may properly form the subject of discussion and even of controversy among political economists: it can only be answered by experiment, and the experiment must be of such a nature that it remains as easy to withdraw from it as to proceed with it. That is plain common sense, as some Socialists begin to perceive.¹

There are many who still think of Capitalism in terms of *laissez-faire* economics which, in fact, did not survive the nineteenth century. Our industrial system is not static. It is a function of a pulsating organism, and highly sensitive to its environment. As early as 1902 municipal undertakings comprised gas, water, tramways, markets, schools, parks, libraries and other urban collectivist amenities. The Capitalism with which I was dealing in 1919 was post-war Capitalism and the Capitalism with which we must deal to-day is the "controlled Capitalism" of the twentieth century. It has little in common with the *laissez-faire* Capitalism of the nineteenth century which died in child-birth, when the internal combustion engine was born. *Tempora mutantur, nos et mutamur in illis*.

In considering this question one must endeavour to form some preconception of the meaning and trend of human progress. I would define human progress as the evolution of man from a ravening and predatory to a reasoning and productive animal. With him as with nature generally, progress lies through diversity and natural selection. It is very slow, much slower than it need have been: its essential elements have been individuality, rivalry or emulation and, in this century, more and more conscious co-operation to improve his ever-contracting environment. Benjamin Kidd in his "Social Evolution" concluded that the most vigorous social systems combine the highest development of individual personality with effective subordination to the interests of the community. Professor Alfred Wallace in his "World of Life" took a very similar view. He looked upon man as being born for the very purpose of developing and co-ordinating diversity and individuality on the analogy of the life-world, which appears to be "the preparation of an almost infinite diversity in forms of life, beautifully co-ordinated for the common good." And the same idea is expressed in almost every phrase, spoken or written, by Archdeacon Wilberforce, as, for example: "In that universe there is endless variety of expression of the one life." These thoughts were voiced at a time, be it noted, far remote from present controversies: they are equally true to-day.²

Such views must not be held to imply the surrender to mass-suggestion of man's personal prerogative of moral judgment. His major interest would seem to be the development of his individuality, not for his own selfish ends, but in and for the service of the community, so as to improve its environment and increase its future social well-being. By so doing, it is true, he will at the same time gain for himself the opportunity for a wider and more colourful

¹ E.g., Mr. G. D. H. Cole, *Great Britain in the Post-War World*, pp. 75 and 81.

² In 1915, Professor Wilfred Trotter expressed a similar view, "Progress is undoubtedly dependent mainly on the material that is available for selection being rich and varied." (*Influences of the Herd in Peace and War*, p. 129.)

life physically, intellectually, æsthetically and spiritually. There can be little virtue in any social system unless it tends, on the one hand, to satisfy legitimate human needs, develop individuality and strengthen and deepen character, and, on the other, to increase social efficiency in the service of the race. I have grave doubts whether Socialism, if unrestricted, will subserve any of these purposes better than or even as well as Controlled Capitalism. Our industrial life would, I believe, be best organized as an amalgam of various types of enterprise, private, co-operative, corporative and Governmental, combined in such proportions as careful experiment proved to give the most satisfactory results. The industrial process is so complex and brevity so necessary that, in giving some elementary, perhaps even naïve, reasons for my belief, oversimplification is inevitable, and in any case preferable for my purpose to over-elaboration.

2

The voicing of human material wants, the "demand" of the consumer, is subjective, and more often than not needs to be stimulated. The intermediate demand of the retailer, except so far as it is anticipatory through his buyers, is almost mechanical. It is as though the whole output of a nation's industry were displayed, as attractively as possible, in vast halls or showrooms, set about with countless automatic machines from which consumers draw as they will within their means. At the end of the day a bevy of retailers' buyers indent on the wholesalers to refill their machines, thus transferring the demand to the manufacturer, who, advised by his salesmen, accelerates or slackens his output and varies his call on the producer of his raw material. The latter can then, *within the restrictive limits determined by natural laws*, re-arrange his programme and modify his area of production. The procedure thus simply described is in practice a complex machinery for forecasting, stimulating and satisfying demand and maintaining harmony between production and consumption. Retailer, wholesaler, manufacturer, producer and merchant, and, I may add, advertiser, accountant and banker, these and the army of their assistants are the very same people who, as consumers, throng the various halls. Each by some service of thought, skill or foresight, has had a share, greater or less, in filling the machines, each under a purely Capitalist system has established a claim to draw out the estimated equivalent of the value of the service rendered. Its value, be it observed, apart from questions of scarcity or abundance, is assessed by those who think they profit by it, and the price is the economic thermostat that relates demand to supply. Socialists, on the other hand, under the assumption apparently that supply is always unlimited, accept the principle that each should receive according to his estimated needs without any reference to the quantity or quality of the service he has rendered or its economic value.¹ Taking advantage of this principle, the stronger Trade Unions, by political and industrial pressure, increase the reward of their own members largely at the expense of unorganized workers² and others in the community, thus distributing wages most unfairly between different groups of wage-earners and giving to some more and to others less than the full reward of their service. This is known, rather oddly, as "Social Justice."

¹ In Soviet Russia, this principle, having proved abortive, has wisely been abandoned.

² Cf. Mr. G. D. H. Cole, *op. cit.*, pp. 73 and 74. In my opinion, however, restrictive policies to raise prices are a necessary consequence of Trade Union action. *Vide infra*, p. 149.

Occasionally, so to speak, a new machine is set up, or, in other words, some new commodity or invention is placed upon the market or some service initiated. If it fails to supply a need or catch the public taste, some enterprising manufacturer or association of manufacturers, under the Capitalist system, lose their own or borrowed capital, learn their limitations and have to seek some more profitable means of serving the community. Nemesis, in short, pursues the inefficient, and profit and service are closely related. Under the Socialist system, when capital is lost, as it too often is, the whole community suffers and not merely, if at all, the directing bureaucracy, or managers, whose fault it is. This disquieting fact is, as a rule, completely ignored by advocates of out-and-out Socialism, or justified on the ground that loss is of little concern to the State. On the other hand, if the commodity or service hits the popular fancy, its owner may make a fortune, more or less, while the public satisfies a want, perhaps long-felt, perhaps hitherto unsuspected. Such wants, in ordinary times, under a Capitalist *régime*, range from a vital need to a reasonable desire, such as the wish to see a favourite film-star or to a mere whim as, for example, a peep at quintuplets. In all such cases, if millions are willing to pay a trifling sum to gratify their taste, someone, either the producer or the film-star or the proud parents, will probably make a fortune. Under Socialism either the public want may go unsatisfied through lack of initiative or the fortune will accrue to the State. The effect of this, if wisely directed, might be to concentrate productiveness to a greater extent on bare essentials, with no worse result than some loss of colour in the life of the people; less wisely directed it would lead to waste of industrial resources, extravagance, decreased production and a lower standard of living. In spite of daily evidence to the contrary, Socialists always assume that it will be wisely directed: that in their eyes is the chief merit of national planning. Some, indeed, are honest enough to admit that industries run by politicians and Civil Servants are likely to be inefficient. This, however, in no way cools their ardour, for they can always rely upon men of business trained under private enterprise!¹

3

It is important to note that, under a purely Capitalist system, the public gets what it wants or thinks it wants, or is persuaded to want, since no one, except perhaps a philosopher, poet, artist, or scientist, is such a fool as to spend his time in the production of unwanted goods or services. No system, therefore, could be more democratic. People, it is true, do not necessarily get what, if they were wise, they ought to want. If the public conscience is seeking a higher and nobler life, new tastes will probably be in harmony with these ideals; if its culture or morality are degraded, new tastes are likely to be degraded also. It is quite certain that neither nationalization nor any other form of industrial organization can purify, though it may control, demand. Human desires are almost infinite: some good, some very bad, and it is as easy to nationalize vice as virtue. But the best system of production, *qua* production, is an expanding production responsive to the people's increasing needs and wants and most efficient in meeting them. The direction and purification of demand belong to different orders of ideas. The State may

¹ Cf. *The Means to Full Employment*, by G. D. H. Cole, p. 106.

reasonably establish a system of priorities in production or intervene to preserve the decencies of life. The outcry that followed the suppression of Rabelaisian, psycho-sexual outbursts, such as disfigured some of the works of James Joyce and D. H. Lawrence, from those who defend pornography either in the name of Liberty or through mere delight in the mastery or mystery of words, shows what a thorny path those must tread who would advise the State in such delicate or indelicate matters. Public opinion in this country, however, keeps a healthy watch on public morals.

In addition to manual skill and exertion, fixed capital is required in production, and, indeed, is essential to expansion. This elementary fact is often ignored. Factories and machinery not being edible, wearable or habitable, those who design and make them have to be fed, clothed and housed out of the common stock; in other words, in any economy some people must be willing or forced to save, that is to substitute for present satisfaction the promise of future reward, and to devote their savings to the support of those making machinery, etc. The preservation of a constant relation between fixed and savings-capital is, in fact, an indispensable condition of an expansionist policy. It is a sad commentary on human intelligence that so many, who have in the past derided thrift, have lately shrilled appeals to the public to save and invest their savings in the production of munitions and armaments without apparently realizing that, if warships and planes cannot be produced in war time without private investment, neither can workshops and plant in peace time, and it is as much a public duty to perform the one service as the other, and equally reasonable to expect some reward, in either case, in the shape of interest.

Similarly, organizing and directive ability are needed in industry, and must be rewarded. This hope of reward, which even the Soviet Government admits to be a basic element in human nature, has been labelled "the profit motive," and stigmatized as "a low and corruptive motive." It is the label and not the motive that should be so stigmatized. "Profit" is defined in the dictionary as "gain," and "gain" as "profit." The two words are nearly synonymous. But left-wing publicists do not use the term "the motive of gain" because that would obviously apply to salaries and wages as well as to profits, and their object is to deceive the unwary with the ambiguity latent in the two words. The "profit motive" has become the windmill against which it is the fashion to tilt.¹ Why the reward of successful planning, that is, of foresight, enterprise, initiative and organization, should be degrading and the reward of manual labour be open to no such objection is not clear to me.² Those who like to look at it with jaundiced eyes will, but those who prefer gain to loss and regard profit as a measure of achievement may conceivably be actuated by an urge to do useful service. And is there any more democratic test of its social value than that it is eventually, even if not immediately, profitable? And would Socialism find its Utopia in a sea of loss? It is certain that, in the long run, no man can continue to enjoy gain, whether by profits, interest, salaries or wages,

¹ How misdirected these diatribes against the "profit-motive" are may be judged from the accountant's report of a typical manufacturing company, old-established and prosperous. Out of a seven-figure income on sales, 54.1 per cent was spent on materials, overheads and reserve; 26.8 per cent on salaries and wages; 17.4 per cent on taxation, and only 1.7 per cent was distributed to shareholders by way of dividend. The State thus took ten times as much as those who had provided the capital, accepted the risk, and given the employment.

² Recently the General Secretary of an important Trade Union referred to the higher administrative staffs of the country as "non-producing sections of the community." Is planning then wholly unproductive? And art? And science?

unless he is rendering some service to the community, real or perhaps imaginary, but acceptable to those who are willing to pay the price asked for it. The object of all industry is approved service. Under the Capitalist system, which, at its best, is competition in service to the consumer and, at its worst, monopoly to secure for capital and labour alike a better price from the consumer, the more efficient the service, the greater the reward. In some cases the service for which some people are willing to pay is, in the opinion of others, degraded or its value illusory: that, however, even if true, is not the fault of the system, but of those who enjoy and those who supply the service. Best-sellers are not always the best value. "If men prefer the painted ladies of the *Rat Mort* to the stained glass of Sainte Chapelle, whose fault is that?"

4

Nothing is much more disheartening than the irresponsible demand of Trade Unions for higher and ever higher money-wages when the quantity of consumers' goods being produced is steadily falling while the amount of spendable money increases. These people never stop to think of the effect on their own fortunes or the national welfare. In the last war, in the present war, and in all future wars (and unless the United States and we ourselves in collaboration with other peace-loving peoples are resolute to prevent them, there will be future wars) the nation's productive capacity was, is, and must be diverted from consumption to combustion goods. Money-wages, after all, are but currency counters or claims upon the national storehouse of goods and services. If, without increasing the store, you issue a greater number of counters to the workers in one or more industries, you reduce the consumption of all the workers in other industries for the benefit of the privileged industries. This is the normal result of Trade Union successes. If you satisfy the claims of all, you merely inflate prices and depreciate the currency in which the counters are expressed. The higher money-wage will buy no more, possibly less, than the lower formerly did. This, a common experience, is one reason why a fair wage to-day is often a starvation wage to-morrow. In peace the only hopeful way to increase real wages is to increase the collective output of goods and services in a well-balanced scheme of expanding production and efficient distribution. Personally, I should like to see the vicious spiral of rising costs and prices reversed, and with this object would welcome a system of pegged rents, interest, prices, profits and wages, so that increased output would reduce costs and lower prices, thus benefiting producers and consumers alike. This idea is, I fear, too revolutionary. In war when the output of consumers' goods must fall, no unselfish person would wish and no selfish one should be allowed to increase his gains. In the case of profits, interest and rents, steps have been taken to prevent profiteering; but no attempt has been made to prevent salaries and wages from soaring.

5

I have spoken of a well-balanced scheme of production and distribution. It is often forgotten that the consumer values highly his freedom of choice.

He may accept a substitute if he cannot get exactly what he wants, but he will not go on buying goods that are of no use to him. "Scarcity in the midst of plenty" is a captivating *cliché*, but it derives from the wishful but foolish idea that mass-production can satisfy every want. It can, of course, produce prefabricated houses and electric washing-machines. Unfortunately, however, many important primary products are not obtainable by mass-production but by growth. The main elements of social security—essential foodstuffs, such as meat, fruit, vegetables, eggs, butter, cheese, milk and wheat, as well as education and health services, etc.—owe little to machinery and even the machines must be fed on raw material: cotton, wool, rubber, hides, etc. Supplies may be short or plentiful and prices unstable, so that a fatal disequilibrium is at once created. The consumer may be faced with a dearth of the things he wants and a surfeit of those he does not or has ceased to want; in other words, unbalanced production, which mass-production accentuates. There may be a shortage of things which he wants only at or below a certain price, and a glut of those which he does not want at any price. Under a capitalist system, with middlemen trained by experience to foresee demand, this danger is less real than it would be under a rigid socialist *régime*. If, moreover, the cost of transport and distribution raises the price of what the consumer wants beyond what he is willing to pay, he may want it no more. In such a case coffee may be burned or fish returned to the sea.¹ A subsidy to transport might cure one evil by creating another. Socialism, by increasing its cost, would aggravate it, unless the same unsatisfactory remedy were adopted.

Taking a long view, the best way to increase the wage-earner's share of the product of industry with justice to the other factors of production is to secure for him better education and greater technical skill and to encourage him to produce his maximum output at minimum real cost. He might be persuaded to train himself to enter the ranks of the management so as to enjoy greater amenity, though possibly with less pay. In these days it is to be hoped, out of the high wages being paid, he may be saving and investing, thus earning the reward due to the factor of capital.² In time, with improved conditions and a wiser use of leisure, his stronger physique, higher intelligence and greater goodwill³ might enhance the value of his output, or the quality of his service, and so tend to increase his reward. Prior to the First World War, the average family net income derived from industry in Great Britain, including the income

¹ In one issue of the *Daily Telegraph* (29th June, 1943) three instances were recorded, as separate, unconnected items of news, of mismanagement under State control: unsaleable lines of clothes through a shortage of coupons; fish going bad at Fleetwood to the value of thousands of pounds as the result of a new national labour scheme ordered by the Ministry of Labour, and the Ministry of Food's mishandling of the new potato crop through the too rigid price regulations and permitted dates of lifting failing to respond to changed conditions in spite of warnings from the N.F.U. A State medical service, too, is likely to be so tied with red-tape as to be very inefficient compared with private practice.

² In the first four years of war, "small savings" have amounted nearly to 2,500 million pounds. They are now increasing at the rate of many millions a week. During the same period our foreign investments have been substantially reduced in order to help pay for the war.

³ That money cannot buy production is proved by the fact that absenteeism in the mining industry tends to increase in those districts and pits where money is easily made. Experiences in North Africa teach the same lesson. Abnormally high wages paid to dock workers and stevedores soon led to the men declining to work at all.

of the millionaires,¹ if pooled and equally divided, would have been about £150 a year. No mere redistribution of the value of the total product could, therefore, have afforded a standard of living greatly superior to that then prevailing. If a wider view be taken, the whole production of the world, equally distributed, could not support the standard already reached. This to me is a disquieting fact. I doubt if its implications are generally appreciated. Nothing in all this suggests that nationalization of his industry would improve the worker's lot, unless, under the name of Communism, or redistribution, its real intention is to mulct the more industrious and able for the benefit not only of the weak, which is proper, but also of the idle and inefficient. This would not be very popular. While extreme inequalities of wealth may excite protest, recent events have proved that men will strike against any reduction of the gap between the wages of skilled and unskilled labour.

It has been said, I know, that, under Socialism, a man would work with better heart. All experience is to the contrary. In the first year of the State control of the mines, for example, both the output per man-shift and the number of shifts worked fell although there were nearly 6,000 more workers in the industry. This resulted in a loss of output of over 3½ million tons of coal. Absenteeism at the coal face also increased by over 2 per cent, so that the real loss was much higher. Can it, moreover, be seriously contended that a driver in the service of the London Passenger Transport Board, the I.C.I. or of any of the large multiple stores, would feel that he was doing a greater service to the public if the concern were nationalized? It is the spirit in which the service is rendered that dignifies the worker, and, properly understood, devoted service in a private interest is as great a service to the community as any other.

There lurks in nationalization the risk of corruption in many insidious forms. The immediate menace of Socialism, however, lies in the danger lest the more powerful Trade Unions, careless of the inflationary repercussions of uncontrolled wage rates on the national economy, regardless of the principle of economic worth—a principle to which increasing respect is being paid, even in the most Socialistic economies, as a result of painful experience—and ignoring both the figures of unemployment and the conflicting interests of sheltered and unsheltered industries, might continually increase money-wages by political pressure, and so once more, exactly as in the years after 1918, create mass-unemployment and distressed areas by so raising prices as to make British goods unsaleable in the world-market.

¹ The actual estimate was exaggerated, taking no account of the fact that "much of the income of the richer classes is counted twice or three times over" (c.f. Dean Inge's *Outspoken Essays*, 1st Series, p. 15). "If, in 1939, every personal income of more than £500 a year, after payment of direct national taxation, had been confiscated for division among the poor . . . the yield of this process would have been about £860 millions." (*Great Britain in the Post-War World*, by G. D. H. Cole, p. 50.)

By a curious coincidence, this sum is almost identical with the estimated cost of the Beveridge scheme, and also with the value of British imports in the pre-war years. This gives food for reflection.

CHAPTER XXII

THE HUMAN FACTOR

"NOVI EGO HOMINUM MORES"

(I have known the ways of men.—PLAUTUS)

1

IN WHAT, IF ANY, DIRECTION, THEN, MIGHT NATIONALIZATION CONDUCE TO THE greater social well-being of the whole community? It is clear, I think, that if competition were entirely abolished, both diversity and rivalry, which are essential elements of progress, would be limited to a dangerous extent. Standardization, however, could probably be safely effected in those services, e.g., gas, electricity, water, etc., where the demand is so regular and impersonal, and so constant as regards quality and quantity, that freedom of choice is of little importance to the consumer. These conditions are satisfied only in the case of vital needs and of needs grown so habitual as to have become virtually vital. It is in that direction, therefore, that the experiment of nationalization can best be extended. If State enterprise is successful in producing improved social services and providing the necessities of life at reasonable prices *without subsidies*—and that will be the acid test of its efficiency compared with free enterprise—there will be little or no opposition to its further extension. There is some analogy in this respect between the human body and the social organism. When the need is vital or habitual the system functions unconsciously or subconsciously. Only in the case of activities that arise from our individuality do we find it necessary to function consciously. If the organization were less perfect, we should have no leisure or strength to do the things that really count. The intellectual and spiritual output would be nil.

In the case of vital public utilities the imperative nature of the need justifies a co-ordinated service that makes no distinction between profitable and unprofitable districts or uses. Essential services that have no value in exchange might in time be free.¹ The monopolized control of such services cannot in any case be left to private persons without adequate safeguards in the shape of the limitation of dividends, conditions of service and similar matters. They had best be left to the management of public corporations, such as the Central Electricity, London Passenger Transport, Metropolitan Water and similar Boards, whose activities, however, should be subject to parliamentary control. The experience of war proves the value of unification and large production in such matters, but demonstrates the dearth of organizing and managing ability. It exposes, too, the grave disadvantages of Government management. Over-centralization is its worst fault, due sometimes to incapacity at the directing head, and sometimes to the lack of enterprising subordinates willing to shoulder responsibility. The effect is visible in indecision and delay, as well as in the

¹ "Free" is a misnomer. It means supplied at the cost, often excessive, of the whole community. If, without increased production, all vital services were free, there might remain nothing over for wages after fixed capital had been provided by taxation.

extravagance and waste which invariably result and, in the present war, have conspicuously resulted from the failure to eliminate, through competition, incompetent or redundant factors of production. If chaos is to be avoided, progress towards unification by association must not be allowed to outrun the supply of managing ability, and decentralization of executive functions must be complete so as to maintain the continuing advantages of competition and selection. "The freedom of range and keenness which are distinctive of private enterprise" must somehow be retained.

2

Properly regarded, a controlled Capitalism and a limited Socialism of this kind are not antitheses but ancillary to each other, the former developing initiative in satisfying increasingly diverse and ever-changing human wants, the latter providing the more vital permanent needs. In the latter case supply and distribution are comparatively simple, demanding few qualities except energy, honesty and some capacity for organization. Industries and utilities in which either the demand is individual, intermittent or capricious and the business of supply, in consequence, difficult, precarious and fluctuating, or those in which development is backward, thus needing a full measure of adaptiveness, enterprise, initiative and "nursing," should, I feel sure, be left in private hands. They would thus form a school in which the essential managerial qualities—foresight, invention, resolution and decision—could be detected and encouraged: Most of our successful civilian administrators in the present war were trained in this school.

I have so far been considering only the interest of the community as a whole, and not that of any particular section of it. But the general welfare is inseparable from the welfare of the wage-earner, and the object of all industrial organization should be to obtain for him the highest possible standard of life and to safeguard him and not only him, but all other classes, from preventable economic insecurity. Since the basic economic laws bind both equally, the controversy over the respective merits of Capitalism and Socialism is seen to be futile: it can be settled only by the method of controlled experiment in various suitable directions. An American economist has argued that the employers are completely masters of the industrial situation, Capital and Labour being alike obliged to resort to them for employment. Others have argued that, in modern times, thanks to Trades Unions, Labour exploits capital, employer and consumer alike; others again claim the Banks, others the managers, as the controlling power. In a purely individualist economy, there is but one master whom all serve: the consumer. With the reservation that value is created by scarcity and destroyed by satiety, it is the consumer who assesses the value of the service and pays for it in rent, interest, wages, profits and salaries. But he has human feelings and failings, and so have all his servants, cupidity, hypocrisy and selfishness being among them. In any economy, on the other hand, in which Labour has the final word, the workers, by their action as producers, often inflict cruel hardship upon themselves as consumers and so create sullen and bewildered discontent. Free to sell their services at uncontrolled prices, they are out to get the highest possible money-wage regardless of the consequent inflation which hits the lowest paid labour so severely.

3

It is not the particular system, social, financial, or industrial, that causes trouble, but the frailty and perversity of the human factor innate in all of them. This fact cannot be overstressed. Politicians cannot admit it, since the elector is their customer who is always right. Publicists, too, cannot afford to hurt the feelings of their readers. It has been well said that neither battleships, tanks nor planes can win a war but only the men inside them. No industrial system, similarly, can win or lose the peace, but only the men who operate it. It is wiser to oil the machinery of production than to put sand into it. Once this is recognized, the importance of goodwill and better understanding can be fully appreciated. These are the secret weapons of expansionism. Create goodwill, foster understanding, perfect the harmonious and balanced co-operation of managers, technicians and workers in production and distribution, and the producer, as consumer, will rejoice in an ever-increasing and cheapening quantity of goods and services. This will not, however, affect the kind of goods nor the nature of the service, considered qualitatively. It is in that sphere that the influence of the Churches should be exercised. Purify the consumer's desires and appetites, purge him of greed, selfishness and envy, quicken his intellectual, æsthetic and spiritual awareness: these, and not the reform of the banking system, are the true tasks of the Churches. If and when they have succeeded, then that system which is found by experiment to give the quickest and most complete response to the stimulus of demand would, if adopted and operated in harmony, produce a happier and a nobler people. Till that day dawns, the consumers' demand requires to be regulated: it is right and proper that the vital needs of the many should be satisfied before luxuries are provided for any. This, however, can be effected as easily under "Controlled Capitalism" as under Socialism. The real difficulty lies in deciding which wants are luxuries: milk is a vital need, but what about beer and tobacco? And dare I add cosmetics?

4

It would be unwise to accept too readily the arguments of biased advocates of any particular political dogma. I have already observed that there is no real difference of principle between Capitalism and Socialism as usually defined. Unfortunately, few Socialists agree upon a definition and still less upon the principles of the system they advocate. The definition most generally accepted was condensed into a slogan—"the nationalization of the instruments of production, distribution and exchange." We see that principle in operation under various names, Fascism, Nazism, and Communism, and no doubt others, in Italy, Germany, Russia and elsewhere. In each case it has led to a totalitarian dictatorship, as, *a priori*, it was bound to do. If all such instruments are owned by the State, the head of the State becomes the Managing Director of this vast combine. The co-directors and the departmental chiefs will be his henchmen, and the policy his.¹ It needs little imagination to foresee that such a *régime* must eventually end in forced labour,

¹ Since this was written, Mr. James Burnham, in his book, *The Managerial Revolution*, having defined socialist society as "classless, democratic and international" and branded it as a vain ideal, predicts the coming of a managerial society such as is described above.

compulsory saving and restricted spending. The overthrow of parliamentary democracy soon follows. Socialism and Democracy are in fact incompatible.

Those Socialists who write on this subject find it more profitable to descant on the very human defects of uncontrolled Capitalism. They attribute all its faults to those who have tried to work the system and never to those modern Luddites who, from the first, have done their best to wreck it. They prefer to paint a Utopian picture of their pet alternative system rather than to examine the various examples of Socialism in practice and write objectively of the observed advantages and disadvantages of each type. As a rule, they declare that Socialism, as an accepted economic system, nowhere obtains, repudiate not unnaturally all systems that are actually functioning, and dwell hopefully on one of their own imagining, the defects of which are lost in the same mist as their project itself. Those who, like myself, hold no brief for either side in this recurring controversy, would like to see the Trade Unions, out of their ample funds, and undeterred by the unfortunate experiment of Robert Owen, purchase a mine or factory, and, setting the owners an example through the practice of what they preach, incidentally learn something about the difficulties of management. Failing this object-lesson the unprejudiced inquirer has a right to ask from the advocates of Socialism fair-play for the system attacked. It is quite permissible to frame charges against it, and to prove them, if they can be proved. But it is not right to adopt, as, in their proselytizing zeal, Mr. and Mrs. Webb and others have done, a common but unfair dialectical device, offering, instead of proof, a definition of Capitalism which virtually assumes the truth of every charge alleged against it.

5

What are the main counts of the Webbs' indictment against Capitalism? The first is that the mass of the people is divorced from the ownership of the instruments of production, and, as a result, lives in penury, creating a humiliating contrast between rich and poor and a consequent disparity in personal freedom; the second that the system is scientifically unsound, and the third that it is inimical to the spiritual advancement of the race. And what is their definition of Capitalism? It is: "the particular stage in the development of industry and legal institutions in which the bulk of the workers find themselves divorced from the ownership of the instruments of production in such a way as to pass into the position of wage-earners, whose subsistence, security and personal freedom seem dependent on the will of a relatively small proportion of the nation, viz., those who own and through their legal ownership control the organization of the land, the machinery and the labour-force of the community and do so with the object of making for themselves individual and private gains."

The only charge not assumed in the definition is that the system is scientifically unsound. It could be shown from the authors' own admissions that it would be easier to assume this charge than to prove it. Such a definition is, of course, a classic example of a *petitio principii*. Individualists do not deny the divorce from ownership nor its evil consequences: they do deny that it is due to or inherent in the Capitalist system and they regard it with repugnance. Historically, the creation of a wage-earning class occurred in the fourteenth century. It was the workers' own choice, after the Black Death

had carried off a third of the population, made in the hope of a higher reward when their labour was scarce and thinking to escape from vilenage to a position of greater social equality. Human nature remains much the same now as then.

Those who oppose Socialism visualize progress towards the goal, not of scarcity but of plenty, not of diminished but of increased production, and by the only path by which this goal is attainable, the removal of all restrictions, whether imposed by employers or Trade Unions which tend to obstruct expansion. Capitalism encourages the thrifty worker to own a share in his industry and, through ownership, in its control. Have no great captains of industry ever worked in mine, factory or office? Socialists, on the contrary, would make the divorce from ownership permanent and irrevocable, and Mr. and Mrs. Webb's own alternative scheme, "the Socialist Commonwealth," might be described as "an industrial system under which every worker would be for ever divorced from all possibility of owning even a part share in any instrument of production, in such a way that he could not choose his own calling and would pass into the position of a wageless slave, whose subsistence, security and personal freedom would be wholly at the mercy of an official taskmaster, himself dependent on the will of a relatively small class in the nation, viz., those who control the land, machinery and labour-force of the community and do so with the object of concentrating privilege and power in their own hands." And opponents of Socialism would, I feel sure, find a great deal of truth in that definition, which, incidentally, would appear to describe exactly Mr. Burnham's "Managerial Economy."

6

I have so far said nothing about "Planned Economy." It has been defined as an economic system in which the broad decisions regulating the proportion in which production is allocated to home consumption and export respectively; the nature, quantity and origin of imports, and the extent, character and placing of capital investment will be made by some Government Department and not left to the unfettered judgment of private traders.

In a Socialist (or Totalitarian) economy, where the instruments of production, distribution and exchange are all State-owned, both "planning" and executive action would rest entirely with the Government. In a purely individualist or *laissez-faire* economy, they would remain the business of the industrial and commercial community. In a "controlled capitalist" economy, on the other hand, "planning" and executive action would be to some extent separate functions, and while both would remain the task of industry and commerce, the former would be subject to the general direction and be required to conform to the economic and financial policy of the Government.

All three systems, it will be observed, are "planned economies," though only the first and third answer to the definition. That, I suspect, is yet another subtle device of our Socialist propagandists. It seems to convey the impression that private enterprise, which by forethought and initiative has given this country so proud a place in the industrial world, and its people an ever-rising standard of living, is incapable of "planning." If their definition of "planned economy" is intended to include State ownership as well as control, it is only another and less tainted name for Socialism and Communism, and the urge

to adopt a new name is significant. If it merely implies directive action by the State but fully decentralized executive management, it is "Controlled Capitalism." No new name is wanted unless it is hoped to introduce Socialism under cover of a euphemism.

The question has been asked whether the State has a right to a partnership in post-war industrial development. My answer would be an emphatic affirmative. Its role, however, must be purely directive. Meddlesome interference in organization, administration and management is fatal to efficiency. The State should act in the interest of the consumer, holding the balance equal between employers and employed. Such controls as are necessarily retained must be imposed for the welfare of the whole community and not with a political object for the benefit of the strongest and most vocal "pressure groups." When we fulminate against vested interests we are apt to forget that one of the greatest vested interests to-day is organized Labour.

CHAPTER XXIII

THE ABOLITION OF WANT

"QUID EGO EX HAC INOPIA NUNC CAPIAM?"

(*What now do I get out of this scarcity?*—TERENCE)

1

THE DISCONTENTS THAT FOLLOWED THE FIRST WORLD WAR WERE DUE TO causes most of which were beyond the control of the British Government or of employers, but which in the aggregate decreased the purchasing-power of foreign countries, especially those exporting primary products. This threw production out of balance, reduced the volume of our exports by one-half, and so gave rise to unemployment in our exporting industries. These causes could be roughly epitomized in one word—scarcity: scarcity of capital and credit, of efficient equipment, of shipping and transport generally, and last, but not least, of goodwill.¹ As goods for export comprised about one-third of our industrial output, the fall in exports threw one-sixth of our workers—about two million people—out of employment.

It would have been expecting too much of human nature, as it expresses itself in the Party System, to have imagined that politicians in opposition would explain the true causes of these economic difficulties, and in the interests of national harmony, refrain from making Party capital out of their inevitable consequences. In point of fact they did all they could, possibly through ignorance, to make things worse. In 1919, when the nation had just recorded an overwhelming vote in favour of industrial peace, and the Socialist Party was too weak to make trouble in the House of Commons, the Miners' Federation and other powerful Trade Unions threatened an industrial crisis unless higher money-wages and shorter hours were conceded. Could any sane person have supposed that this claim, if allowed, would have no effect on the volume of our exports? The Prime Minister, Mr. Lloyd George,

¹ There were political decisions in the financial field that tended in the same direction, e.g., the return to the gold standard in 1925, and the settlement of the American debt in gold. Inflation, it must be remembered, is the mother of deflation.

warned the men of the probable consequences if their leaders persisted in these short-sighted demands, predicting "disastrous unemployment" and ruin to coal, steel and shipping industries, "on which the strength, the wealth and the prosperity of this country largely depend." Within a month, however, for fear of worse evils, he felt compelled to concede the demands and within a few years every prophecy he had made was fulfilled, the coal industry was nearly bankrupt, depressed areas were created, and an appalling volume of misery resulted. All hope of security from want faded. Even now, the lesson Mr. Lloyd George sought to inculcate then, is still unheeded and the consequences are likely to prove yet more disastrous. Trade Unions, undeterred by experience to the contrary, seek to increase their members' purchasing power by raising money-wages or by other devices while the production of consumers' goods is necessarily subordinated to the need for capital goods. They thus raise prices and costs, and before long cause unemployment and restricted output through loss of markets and create the vicious spiral of wages and prices.

Between 1918 and 1920 the cost-of-living index varied from 103 to 175 above the 1914 level, and the Trade Unions demanded and received bonuses on a sliding scale. Railwaymen secured £5 for each rise of five points. The cost of such special privileges is reflected in every price even if, by means of subsidies, it is transferred to the overburdened taxpayer. In times of scarcity, there is no greater folly than that of adjusting wages to a rising cost of living. It creates additional spending power with no permanent advantage to the wage-earner since it raises costs and makes the stabilization of prices more difficult. Stricter rationing is the proper response to scarcity.

The idea of permanently extorting higher money-wages by political or industrial pressure in an industry which has to sell its products in a world market at world prices is crazy. The attempt failed as it was bound to fail. But economic consequences followed which, though unforeseen, proved even more disastrous to the miners' real wages. The line of relative money-wages, successfully attacked by miners and railwaymen, was breached at every point. In all the sheltered occupations, in the public services, State and municipal, in transport, in the distributive trades, claims for higher salaries and wages were, as now, advanced and conceded. The result was seen in ruinous taxation, local and national, higher costs of wages, fuel, stores and machinery, and increased railway freights and dock charges, all of which enter again and again in the cost of both production and distribution, and since prices could not be increased to meet rising costs without losing their market and destroying their industry, the burden fell with crushing weight on wages and profits in the mining industry and other export trades which had to face competition in foreign markets as well as in the farming industry which competes with low-priced food imports. The comparatively poor reward in these industries bears no relation to the quality and value of their service which, indeed, is invaluable: it is solely the product of mistaken Trade Union policy, which is directly responsible for the unfair disparity between wages in the sheltered and unsheltered industries. One could not help feeling sincere sympathy with its victims.

2

A major cause of the trouble in the coal-mines was the deterioration of capital during the war. As even Socialists have admitted, more efficient

machinery and equipment are needed to improve the methods of coal extraction in the mines; in other words, the creation and investment of fresh capital in the industry would increase the output of coal per man-shift, and thus tend to reduce the cost of production and raise real wages. But how can saving and investment be encouraged except by confidence that savings so invested will be safe and fairly rewarded? This requires the recognition of the undoubted fact that interest is not (as Socialist propaganda declares) unearned income but the reward for an important service to the community, the value of which it is easier to overlook than to overrate.¹

Just when it was essential to sell coal cheaply, the Socialists had materially contributed to making it dear, having raised the cost of production directly through higher money-wages, and indirectly through excessive overhead charges, and discouraged the mechanization of the mines, which would have given us more coal at reduced cost.

Not long before the disastrous General Strike occurred, the shadow of the coming event was already visible. History seemed about to repeat itself. The nation had again voted emphatically for industrial peace and again the Socialists, defeated at the polls, were inciting the Miners' Federation to industrial war. The real issue was not between owners and miners: the collapse of their industry could be traced, as I have said, to a primary cause outside their immediate control. The issue lay, then as now, between two economic policies, the Socialist policy of rising money-wages, with all its consequences—monopoly practices, restriction of production, high prices and costs and unemployment—and the contrary policy of rising real wages, with expanding production, low prices and full employment. The only hope of a better standard of life and well-being for the people lies through cheapness and the unselfish co-operation of all classes in lowering the cost of every factor, the high cost of which hampers production.

In July, 1925, I predicted that the industrial crisis would be found to have a political origin and a political purpose. A few days later, Mr. Ramsay Macdonald, with obliging cynicism, boasted that the complete union of the industrial and political sides of the Socialist movement enabled him to present to any Government that the people might elect the vision of a "completely paralysed nation" unless it submitted to the will of organized Socialism. This seemed to me a very dangerous power. It was, moreover, a direct and growing challenge to Parliament, and a menace to true Democracy.²

The following year the leaders of organized Socialism, borrowing alien and revolutionary methods, presented to the people's Government the promised vision in the shape of "Councils of Action" which attempted to usurp the functions of Parliament. They called a General Strike. I cannot but think that Mr. Ramsay MacDonald must have suffered from some form of schizophrenia, since the same man who boasted of his power for mischief had only the year before, in the preface to his revised edition of "Socialism," expressed enlightened views that were wholly at variance with his threat to the nation, and might indeed have served admirably as a preface to this chapter. "The revolutionary and materialistic frames of mind created by the war," he wrote, "have been a serious menace to the Socialist spirit of common service. Action has shown a deplorable tendency to centre in self. The evil . . . has infected

¹ C.f. Chapter XXI, p.136 *supra*.

² Since this was written, the Postal Workers' Union has applied to be affiliated to the Trade Union Congress. This is a further step towards a "paralysed nation."

all sections . . . Workmen . . . in their struggles to secure their ends . . . are tempted to forget that they are all interdependent members of a social unity and that consequently they only injure themselves by punishing those against whom they have a grievance to such an extent that they injure the society to which they belong. . . . It cannot be over-emphasized that public doles, Poplarism, strikes for increased wages, limitation of output, not only are not Socialism, but may mislead the spirit and the policy of the Socialist movement." In contriving his costly conspiracy, he doubtless surrendered his better judgment into the keeping of his more extreme followers.

The loss to the country caused by the General Strike was at the time estimated at about two hundred million pounds sterling, a sum approximately equal to the value of the annual produce of English agriculture and incidentally to the amount saved to the country during the First World War through the activities of my Directorate of Special Intelligence. Mr. Ramsay MacDonald may, therefore, be said to have squandered our estate without honour or pleasure to himself, and through his folly brought misery upon thousands. His action, of course, finally banished all hope of freedom from want.

3

There was naturally a general wish to avoid such catastrophes in future and find a road to industrial peace. The phrase, "The Socialist Menace," was much on men's lips. Mr. William Graham, a brilliant Labour M.P. whose untimely death was a great loss to his Party and to the country, analysing the trend of modern industry, suggested that the phrase was but another name for the principle of extending public ownership to industry and commerce. That principle, however, neither allures nor alarms unduly those who have studied the economic limits of nationalization and watched the remarkable growth in the United States and elsewhere of privately-owned but State-regulated public utility services, or corporative public authorities, such as the London Passenger Transport Board. Nationally, I thought, the menace of Socialism lay in the character of its adherents, many of whom, though fortunately now a diminishing minority, were hostile to the British flag and British institutions. But, industrially, it lay in the subtle choice of the lever with which to overthrow the social and industrial system.

The method has not been abandoned: it consists in pushing forward in any particular industry a demand for higher money wages than the industry can afford and unrelated to those in other industries, while, in addition, the employer is called upon to provide holidays with full pay, pensions and other excellent amenities. Since, however, neither higher wages nor more expensive social services by themselves create more goods,¹ the workers soon find that, unless their effect is to increase production, prices rise. In any economy, Capitalist or Socialist, the very object of pricing is to restrict the demand for goods to the available supply. The Socialist charlatan exploits the consequent rise in the cost of living, attributing what are in fact the ill results of his own action to "profiteering," "middlemen," "greedy capitalists," or any similar bogey, and his dupes bite the hand that would free them from the trap instead of his that set it. The results—scarcity and misery—are sufficiently serious in

¹ Higher money-wages do not necessarily or even generally increase output, and are, therefore, to that extent unearned increment.

themselves, but, to meet the problem of rising costs and the challenge of foreign corporations in overseas markets, difficulties almost insurmountable by other means, the captains of industry have to resort to trusts, combines and cartels, in order to safeguard production and stabilize prices, that is, to the devices stigmatized as "the restrictive policies of monopolist capitalism," which form so easy a target for Socialist diatribes, and so ready an excuse for extending State ownership and control. Actually, however, "restrictionism" is the unacknowledged bastard child of Trade Unionism. Employers must, moreover, resist demands for higher wages in order to maintain employment by avoiding the loss of their foreign markets. In these ways action forced upon industrialists in the interest of efficient service to the community can be misrepresented to be due to the failure of Capitalism, the greed, stupidity or worse of the owners, or the blunders of a reactionary Government. It is a clever enough scheme, for, if the Socialists miss with the industrial barrel, they have a chance of hitting with the political. Their attitude, however, is fraught with danger to themselves, for, when they form a Government, they are fair game for wage demands, and cannot so easily disclaim responsibility for the consequences of any concessions.

The remedy for all this, to my mind, is what the late Mr. T. B. Johnston and I used to preach in the Thornbury Division in the days before the First World War, a much closer association of the workers with management through industrial councils, their recognition as partners in industry and a franker disclosure to them of the needs, difficulties and economics of their industry.¹ But this is not enough. Strikes, official as much as unofficial, and lock-outs are, like war, an anachronism. Trade Unions should, like everybody else, enjoy no privileges without rendering commensurate service to the community. They should be subject to some form of public direction and control, just as public utility services are. They should recognize that it is not the higher rate of money-wages but the greater purchasing power of money that counts towards welfare, and that, in the long run, productive power only, not political power, can produce economic security. Increasing money-wages, unaccompanied by increasing production, lead to a falling real wage and a lower standard of life.

One hears much in these days of national planning. The very first plan to be drawn should be the plan for a rational wage-system. Unless wage standards are controlled, correlated with unemployment figures and fixed with due regard to the conflicting interests of sheltered and unsheltered industries, similar industrial troubles will arise at the end of the present war, and in an aggravated form owing to the far greater destruction wrought. The mischief is already afoot, for, in the five years 1939-43, net increases in full-time wage rates have amounted to no less a figure than eight and a quarter million pounds a week. It grows as money-wages rise and scarcity, one of war's ugly brood, increases. Trade Union leaders should be big enough and wise enough to arrest the spiral before worse happens. In a great cause, it should not be and, in my opinion, never was necessary to bribe labour to co-operate as it has been bribed. Unless there is patriotic co-operation from some higher motive than private gain, there will be no social security in this generation. Clear principles should be laid down by the Government, representing the consumer and the taxpayer,

¹ The issue of an annual certified statement was advocated showing the average net profit on turnover, the ratio of turnover to capital, the earnings of skilled, semi-skilled and unskilled labour and the percentage on turnover distributed in dividends.

in consultation with management and labour, in order to maintain a firm control not only over prices and profits but also over wages. All disputes should be referred to an industrial Court whose decisions should be final and implemented by the force of law. Reason, not violence, should be, both in domestic and international affairs the accepted arbiter. The alternative is after-war chaos.¹

Underlying the quest for freedom from want, as soon as it is extended, as it must be, to all peoples, gapes the problem of population. Mankind, like the rest of the world of life, is endowed with a prodigal and apparently wasteful fecundity. Among backward peoples, in undeveloped or under-developed countries, population tends to multiply up to the margin of subsistence,² and the removal of Nature's checks on over-population—war, famine, epidemics, etc.—accelerates this process and thus tends to keep the standard of living low.³ Any attempt to raise the standard in such countries seems foredoomed to failure until the desire for a higher standard has been stimulated, and then only if fixed capital increases faster than the population. Aviation and broadcasting may hasten that result.

Little attention appears to be given to this problem. Every blue-print of the New World assumes that the purpose of industry is to raise our own standard still higher. This may prove impossible until the world market is richer, the world standard higher and world demand expanded. A less selfish policy might in the end offer greater rewards. With this object in view, the more highly developed countries must be willing to grant their poorer neighbours long-term development loans or, better still, engage more actively in their development on traditional lines.

In this connection a better balance of purchasing power must be kept between agriculture and other industries the world over. For this country to attain to reasonably adequate nutritional standards agricultural production would have to be nearly half as high again, while if the whole world were to be equally favoured, it would need to be doubled or trebled. This would seem to show that the necessary investment in fixed capital required for an expansionist policy should be to a far greater extent directed to agricultural development in all, and particularly in backward countries. By this means alone can the world market be permanently enriched.

It also points once again to the need to substitute for our present chaotic wage-system, created at haphazard by group pressure from organized labour, a more reasonable and equitable one, based upon the value of the service rendered to the community. Under such a system agriculture and coal-mining would be more amply rewarded. Sex differentiation should cease and equal pay be given for equal work, qualifications and standing, substantial children's allowances being provided for parents with dependent children. What is

¹ The lack of any rational wage-system has resulted in dangerous and indefensible anomalies such as the scandalous inequality of earnings between civilian workers and the fighting forces, and many others. In Sweden the Labour movement took the lead on the outbreak of war in checking inflationary rises, and, for many months past, wage increases have been wisely banned.

² During my life time the population of Japan has more than doubled, and yet amenities have more than kept pace with this growth. Low money-wages and a rapidly increasing population are not inconsistent with a rising standard of living where industrial efficiency is high.

³ Labour employed in the production of raw materials and primary products is too often grossly underpaid. Its purchasing power is thus restricted and our export trade adversely affected.

needed is an enquiry into the whole wage-system and the adoption of broad principles by which all questions of pay should be regulated with due regard to the ruinous consequences of inflation.

Multilateral exchanges of goods and services, so essential to world recovery, would be greatly facilitated by the adoption of some generally accepted international currency unit. No agreement on this point has as yet, I believe, been reached. Closely related to this problem is the provision of credit to permit all countries, whatever the stage of their development, to revive and expand international trade in the post-war years. To enable them to have and maintain sufficient reserves of purchasing power for this purpose and to meet temporary fluctuations in balances of payments or other temporary financial embarrassments, various plans, British, Canadian and American, have been put forward to serve as a basis for discussion. They contemplate the creation of what is, in effect, an International Bank together with a new unit of international currency. The American plan differs from the British in proposing an initial capital, half of which would be paid up in the shape of an international fund, consisting partly of national currencies and securities and partly of gold.

The plans differ, too, in regard to the quantity of purchasing power distributed. The American plan creates about one-tenth, the Canadian about one-half of the volume which the British plan is capable of creating. The latter thus restores international liquidity to a greater extent than the Canadian or American schemes, but with less security against improvidence and, therefore, with greater risk of ultimate loss.

These schemes are as yet unofficial. Some international agreement seems essential in respect of currency, credit and investment, but all such plans present the same difficulty. In the last resort, they must depend upon the credit worthiness of the debtor countries, with the probable result that creditor countries will continue to exercise their undeniable right to decide for themselves with which countries they will trade. The schemes under consideration may promote a general expansion of international trade. If so, they will have served their primary purpose. They cannot preclude the eventual necessity of paying for imports with equivalent exports, however much the mechanism of international payments is remodelled. Real purchasing power and real wealth can be increased only by expanding production, the ultimate source of all social security.

Plans for the abolition of want raise hopes that cannot be fulfilled except under one indispensable condition. Sir William Beveridge may promise "every citizen at all times an income sufficient to meet his responsibilities," but the responsibilities can be met not by any specified money income, but only by a sufficiency of goods and services. There must be no strikes, no withholding of labour or service. Planners may promise anything: only those who produce the goods and render the services can perform the promise. Regular employment depends upon regular and assured output. There will be enough for all, only if all produce enough.

CHAPTER XXIV

"HIGH HOPES UNHORSED"

"SPERAVI MELIUS"

(I hoped for better things.—OVID)

1

THE RESULT OF THE 1929 ELECTION IS HISTORY. THE LABOUR PARTY RETURNED to power once more under Mr. Ramsay MacDonald. After enduring a year of futility in Opposition, with no possibility of influencing any decision that might be taken, it seemed to me that the time had come for me to withdraw from politics, in the words, I believe, of Mr. Gladstone, for "an interval between Parliament and the grave." Mr. Ramsay MacDonald's Government still had to depend in some measure on the Liberal Party for its continued existence, and might fall unexpectedly at any moment. The principal issues at that time were, and will be again after the present war, unemployment, disarmament, and, later, finance. As regards the former, there seemed little chance of a Labour Government taking any measure likely to prove effective. On the question of disarmament, all Parties had made promises at the General Election which precluded them from opposition. Mr. Stanley Baldwin had, indeed, gone so far as "to look with confidence for an early advance towards disarmament." "We stand," he said, "for the reduction and not merely the limitation of armaments and in this field we have set a notable example." He then went on to boast that "the combined strength of the three Services is to-day substantially lower than the corresponding figure for the Army and Navy before the war," and "we have progressively reduced the cost of Imperial Defence." In the light of what is happening to-day, all this reads like a tragedy of ineptitude.

I had entered Parliament with high hopes. I might, I thought, do something in a small way to further the association of the constituent nations of the Empire in the closest union compatible with their autonomy and independence. I felt that they ought to accept, to a reasonable extent, some of its burdens and responsibilities, taking their rightful share in shaping its destinies, facing its dangers and providing for its defence. There are, however, few opportunities of raising such questions in the House of Commons, and Lord Milner's speeches, declaring that the initiative in such matters must come from the Dominions, torpedoed any effective action by the Imperial Parliament and Government. Plans for defence remained nebulous: so far as the British Empire was concerned, "freedom from fear" made no appeal. My only practical achievement was that of helping, as already mentioned, to obtain for distinguished representatives of the Dominions the right of sitting in the Gallery of the House of Commons. I should have liked to see the Foreign Office and the Ministry of Defence imperialized so as to form the façade of a nobler building, planned at least, if not at once completed.

My respect for the traditions of Parliament had supported me through the first years of my membership of the House of Commons. The chaos in Ireland, and the grave industrial unrest in Great Britain, though they banished all hope of freedom from want, lent dramatic intensity to some of the earlier debates. Interest flared again for a moment when Irish and Scottish votes rejected the

revision of the Prayer Book. But such emotional scenes were rare and my spirits flagged as the difficulty of getting anything done was borne in upon me more and more during the passage of the years. I grew tired of listening to the occupants of the front benches, who used their eloquence, according as they sat on one side of the Speaker's chair or the other, in explaining their reasons for doing nothing, or in opposing every suggestion for doing anything.¹ Few regular soldiers or sailors have overcome their aversion from this futility.

Parliaments used to form and express public opinion on the larger questions of national policy, foreign and Imperial, and scrutinize national expenditure in the interests of economy; but Press and broadcasting were now forming public opinion, foreign affairs were settled by the League of Nations and Imperial affairs by special conferences, while national extravagance not only went on unchecked but was encouraged by insistent demands for increased expenditure advanced with the competitive and irresponsible connivance of all parties.² Imperial affairs and questions of defence had attracted me to Parliament: such matters had largely passed into other hands. Looking back, one can see that the Imperial Parliament had steadily become less Imperial, more parochial and too susceptible to external pressure. With this change much of my interest had departed.

2

My thirteen years in the House of Commons left me, indeed, with an abiding sense of my own powerlessness in a sphere of fierce contention over things that did not appear to matter very much, while major tasks, such as that of organizing the Empire for defence and trade, or of settling and pursuing a consistent foreign policy, or of establishing a stable wage-system, were deliberately neglected. Such questions should be removed from the dust and heat of party politics. The economic consequences of Ramsay MacDonald's Socialist Government, combined with Stanley Baldwin's anxiety to set the world an example in disarmament, created in the early thirties as dangerous a situation as that which preceded the First World War and once again, as in 1909, I did my best to warn the country of its peril.

Public opinion, at this time, was, however, more concentrated upon the economic problems confronting a disordered world. There was much controversy which seemed to me insufficiently related to the sociological tendencies observable in the world at large. Sufficient regard, I thought, was not being paid to the social and economic changes that followed the First World War, and the disastrous convulsion to which the world is now being subjected will, of course, precipitate further profound changes. "In this shrinking world," I wrote in 1933, "races that once had no contact with each other emerge, self-conscious and self-assertive, from isolated and tranquil seclusion into an ever closer and more active association." In confronting our economic problems at the end of the present war, and seeking their solution, we and the whole British Empire will have to take into serious account this cosmic process noticeable before the war, greatly quickened during the war, and still rapidly ac-

¹ "We should think of Parliament as a reasoning machine for stopping laws being made." The late Lord Wedgwood, *Testament to Democracy*, p. 100.

² Mr. Bevin apparently shares this view. "Parliament," he says, "is becoming largely a Dutch auction. The parties are in a regular game of competition."—At Dorchester (14 April, 1944.)

celerating. We must adapt our outlook and industrial policy to the changing world.

When victory is won, and Democracy has time to lick her wounds, she will find that these sociological tendencies will have moved forward another stage. Like bacilli in suitable media, they find in war a congenial soil for rapid growth. Means will have to be found somehow to stimulate a fuller demand for the higher services and a deeper appreciation of intellectual, æsthetic and spiritual values, if increasing leisure is not to prove a curse. But the immediate task, I cannot too strongly insist, is to meet, and indeed encourage, the growing challenge from industrially backward peoples to the claims of Europe and America to a standard of life far above the world level, and, therefore, dangerously high.¹ This challenge will be more intense after the war. It must somehow be met by raising the level of the lower-priced labour to that of the higher, ensuring an equivalent level of economic welfare and thus enlarging the world market for goods of the best quality. In this direction lies the shortest, possibly the only, road to "full employment."

This brings us back once more to the supreme need for a stabilized wage-system in this country, and a closer concern for real wages. It emphasizes, also, the need, when peace comes, to stimulate the demand for material things among the poorer nations so as to encourage production for exchange. The consciousness of a need is the first step towards its satisfaction. Since, moreover, peace is essential to planned production for consumption—for who will sow for another to reap?—and since we are committed apparently to a policy of restoring independence even to the smallest national units, it seems an inevitable conclusion that once this war is won, the world must be organized in well-balanced groups of autonomous nations whose economic interests are interdependent and co-ordinated by responsible economic and financial councils. Unless, however, these groups are in their turn co-ordinated within a wider framework embracing all nations, the danger of war will not be diminished but gravely increased.

In November, 1934, General Smuts, addressing the Royal Institute of International Affairs deprecated talk of war, declaring that "the expectation of war to-morrow or in the near future is sheer nonsense." I confess that I could not share his optimism. In March, 1935, Hitler introduced general conscription, and Berlin had its first A.R.P. black-out practice. Coming events were already casting long, but rapidly shortening shadows before.

After the General Election in November of that year, *The Times* published a letter from me pleading for national unity and adequate forces. Again in 1936, when the Germans had marched into the Rhineland, and yet again in 1937 and 1938, I returned to a subject which was never far from my thoughts. When the rape of Austria had passed into history, I wrote once more, reiterating the appeal for national unity in the face of growing peril and for the forces necessary to deal with any situation that might threaten a dangerous conflict. Then, in September, came Munich. This was, as Mr. Churchill said at the time, "a disaster of the first magnitude, a defeat without a war," but, having regard to the state of our defences, it was, to my mind, inevitable. There had been "gross neglect," it is true, but the responsibility should be placed upon the right shoulders. I do not understand the mentality of those who, having

¹ The present war has stimulated production in China to such an extent that post-war industrialisation may be expected to raise the standard of living enormously, once rail and road transport has been sufficiently developed to bring her vast resources within easy reach.

ignored every warning and shrilled the cry for disarmament louder and ever louder through the years, now pour scorn on the "appeasers" who had to face the natural consequences. A few months before the outbreak of war, politicians and professors were still discussing in the columns of *The Times* whether the Government should or should not seek peace by conference. I intervened to point out that reasonable compromises cannot be negotiated between two disputants, one of whom, to prove his anxiety for peace, has unbuckled his sword and left it in the antechamber, while the other thumps the table with the butt of his revolver. Peace might be sought with firmness and moderation, but, to pursue such a policy in safety, the Government must speak for a strong and united people. One can only hope that the country will at last have learnt this lesson.

By the end of 1937, events were moving fast, as in a Greek tragedy, towards the inevitable climax. In December the Prime Minister, Neville Chamberlain, made a speech which intimated his intention to rely in future less on the League and more upon direct diplomacy and personal contacts in the conduct of foreign affairs. With the withdrawal of sanctions the controversy in connection with them died down: with the policy so-called, of appeasement I was concerned as much as, but no more than, any other private citizen. I saw perhaps more clearly than the cheering crowds outside Buckingham Palace that it was not a policy but an expedient, shameful but inevitable. It was inevitable, being but one more instance of the deplorable effect of England's chronic military weakness upon the peace of Europe. The shame of it must rest upon all those responsible for that weakness.

When war came it found us dangerously weak on land and in the air and faded out my appeal for the maintenance of adequate forces. For five years before the last war, for four years before the present, my voice was raised in warning. In the din of party politics it was lost. It was but a faint piping, I suppose, and I smile a little wanly when I reflect that, even when the sky was dark with the threat of war, Mr. Churchill's elephantine trumpeting could not wake the country from its dormancy. While men slept, the tares were being sown. I was reminded again of my futile warnings in the past, repeated with such "damnable iteration" that I have myself grown bored with the very sound of them. In 1939, like Pitt in 1793, our politicians "bent on a policy of retrenchment and disarmament," struggling "desperately to avoid a conflict," found "diplomacy without force rudderless" and England "forced into war." As *The Times* stated in a leading article in October, 1940, "Hitler . . . took all our earlier efforts to reach accommodation with him as weakness. He jumped to the conclusion that in no circumstances would this country fight." Knowing his own readiness and France's unpreparedness for war, he may well have thought us mad to fight, lacking both trained men and modern equipment. But he, too, may have forgotten the old, old, monotonous story. Once more, for the second time within thirty years, an extravagant price is even now being paid, in blood and treasure, for the neglect and folly of those who should have warned the people of the dangers that beset them, and who, freely forgiven and apparently indispensable, still occupy key positions in the Government. It takes a very rough sea to drown a politician.

When Germany invaded Poland and ignored the warning that, unless she withdrew her troops, Great Britain and France would fulfil their treaty obligations, war became inevitable. Thus started "the biggest conflict in history,"

and, for the second time in twenty-five years, by a remarkable coincidence, "just at the moment," to use Hitler's own words, "when the Reich was at the summit of its strength."

3

In the last war I had been impressed with the imperative necessity of keeping national expenditure within due bounds and, therefore, of restricting its chief component, profits, salaries and wages, to the lowest possible level. My very brilliant staff in the last war might well have complained that, compared with the rest of the official world, they were grossly underpaid. When the present war broke out, there arose apparently a competition in wasteful extravagance which still continues. Outside the forces, it extends from top to bottom, and, in the days to come, will prove the source of grave disequilibrium and consequent discontents.

From the national point of view, more important than the large salaries of a few higher officials is the overpayment of the services of the bulk of the civil population. The entire man and woman power of the nation should from the first have been allotted to the tasks for which each is best fitted by age and experience and paid at rates commensurate with those paid to the forces, account being, of course, taken of payments to the latter in kind, such as food, lodging, clothing, fuel and light, and allowances. That one man should be receiving a few shillings a day while enduring all weathers and risking his life at sea, in the air and in the field, while another, living at home with his family, is paid extravagant wages in some sheltered occupation, is most unjust and incredibly stupid. The cost of such wicked folly can be met only by depreciating the currency in terms of foreign currencies—a device very attractive to short-term minds—or by piling on posterity the burden of a heavy mortgage on industry in the shape of interest on debt. Since posterity will inherit what is preserved through present effort, the latter course may be justified in time of war. In the post-war years the standard of living will depend upon our capacity to export a sufficiency of goods to pay for the imports we shall need at prices which an impoverished world can pay.

It will not then be justifiable to borrow on the security of future production in order to pay inflated wages, bonuses and subsidies and finance a precarious unearned prosperity in the present. Those, who are to-day encouraging the dangerous illusion that peace can be financed by the same means as war, ignore this moral and vital distinction.

It is becoming the fashion to argue wishfully that higher wage-rates to some wage-earners even though reflected in higher money-costs in their industry cannot reduce the volume of exports and consequently of employment but merely redistribute resources between them and the less fortunate members of the community. Even if this were true, it could not be morally justified but it is contrary to all experience. It would be found, as was found before in the decade that followed the armistice, that high money-costs do not enure to the welfare of the worker. They kill the export trades, cause unemployment, raise prices and create distressed areas. To base our industrial policy upon an economic heresy, merely because the psychological effect of exposing it is likely for a time to be politically dangerous, is to court the eventual catastrophe that inevitably follows every form of appeasement.

It has been contended, I know, by theoretical left-wing economists that

rising money-wages do not cause unemployment because wages are not merely costs but also incomes. As costs, however, they affect disastrously the exporting industries, e.g., coal, and those home industries subject to competition from imports produced by cheap labour abroad, e.g., agriculture. Such industries happen to be those vital to our economic recovery, since we must increase exports to pay for essential imports, and stimulate agricultural production to reduce the volume of imports which must be purchased by exports. On the other hand, as incomes, high money-wages do not expand employment since what they give to the "sheltered" wage-earners they take from the "unsheltered" or from the community at large, leaving the total consumers' demand unaffected. Successful firms disburse large profits and pay high wages. From the point of view of the public a lower price, increased consumption and a fairer distribution of profits and wages between different groups of industries would be preferable. Farmers must be placed in a position to pay their craftsmen wages comparable with industrial rates or their men will not stay on the land.

"Life," says Mr. Ernest Bevin, "must have a motive." He visualized, he said, a combination of the scientists, managers and operatives all working together for the national well-being and raising the standard of living in this old country and in the world. This is an admirable, though materialistic, ideal, but it cannot be realized during the war nor for many years after the war. The first essential to its realization is a clear understanding by Parliament, Trade Unions and the whole people of what the problem is and of the sacrifices it entails. It has been well said that what the people have lacked in the critical years through which the world has been passing is enlightened leadership. Below the surface of Mr. Bevin's cry for a motive is the suggestion that the "profit" motive must be replaced by the motive of "service." I yield to no man in admiration of the latter motive, but the "profit" motive can as readily be sublimated into the "service" motive as the "literary royalties" motive, the "wages" motive or any other "gain" motive; and here I must add that to differentiate between the several classes of the community in respect of the "motive of gain" is sheer hypocrisy.

The motive that animates a certain type of business man in making as much as he can out of a contract, or a greedy middleman out of a sale, is exactly the same that inspires the Trade Union General Council (T.U.C.) to reject any attempt to control movements for increases of wages. That motive is to exploit other people for private gain. Not long ago, at a meeting of the Trades Union Congress, its President boasted of the Unions' successful maintenance of the general level of money-wages in a period of falling prices and industrial paralysis. He was quite untroubled by the consequent rise in unemployment and apparently felt no sense of shame at the use of industrial and political power for so selfish a purpose.

The Unions' leaders are, of course, aware of the dangers arising from inflation and that these dangers aggravate the Government's financial problems and raise the cost of living. The temptation to regard the country's difficulties as their opportunity seems, however, to be irresistible. Not content with an ingenious device, called "the control of prices at the source"—by which is meant selling to the public below cost and, a policy very detrimental to post-war recovery, compensating the producer by subsidies at the cost of the taxpayer's ability to save¹—they are quite determined that there shall be no financial

¹ Subsidies to stabilise the cost of living cost the tax-payer £190,000,000 a year.

sacrifice on the part of their own members, and adhere stubbornly to "the established machinery of wage negotiation" which studiously ignores the consumers' interests. That system, oddly enough, resembles the one which Hitler has brought to such perfection, in attacking at one point after another so that combined resistance is never met. And, lest the Government should dare to modify this policy, so satisfactory to the Trade Unions, by which their members, maintaining the unrestricted right to bargain for their services, exact substantial gains out of the war at the expense of the community, they announce that "any attempt to interfere with that system would undoubtedly cause undesirable repercussions and would seriously impair national unity and the prosecution of the war effort." Upon that, for the sake of maintaining industrial peace, the Government meekly capitulated.

Let me then insist once more that this policy is not based upon the motive of "service," but of "gain." It comes, indeed, perilously near to the motive of "blackmail." It has, as the General Council, T.U.C., naively admits, "secured important Trade Union advantages." "Profiteering," it would seem, is no longer culpable when labour profiteers. If the statement in the White Paper on Price Stabilization and Industrial Policy does, as Sir Walter Citrine fears and I very much doubt, induce arbitrators to fix some limit to this dangerous system, it will have rendered a signal service to the community whose interests under the system are never represented nor considered. Meanwhile, Inflation, cloaked and masked, rides, like a highwayman, close behind the State coach. Before long, if not arrested, it will rob the people of their money and their livelihood.

4

More than six months before the issue of the White Paper, the *New York Times* printed a communication from me in which I traced the shadow of the coming event. "There is another danger," I wrote, "ever threatening Democracy unless its leaders are men of sound judgment and principle and have the courage to resist a very insidious form of corruption. It is the danger lest, in any national emergency, the necessary co-operation of Labour has to be bought. The price asked may be what Dr. Tawney euphemistically calls "the social equities," or it may be relief from those financial sacrifices which victory in war and recovery in peace require of other classes of the community." After making every allowance for longer hours, more intensive effort and fewer holidays, sacrifices "which are being cheerfully made by all classes," I quoted Dr. Tawney himself to show that pensions had been increased and wages raised on the one hand, while on the other, private interests were ignored and profits rigorously curtailed by a 100 per cent excess-profits tax, and, as he admits, hardly a murmur is heard from those who pay the price.¹ "To speak bluntly," I wrote, "there is in progress to-day a rapid and ill-considered transference of wealth, and the classes that are perhaps losing most by the exchange are those serving in the armed forces, and those, together with their employees, whose businesses have been ruined or occupations voided owing to the war. Large numbers of wage-earners are indeed setting a fine example of patriotic endeavour. But the exploitation of a desperate national emergency in the interest of any class in the community is to be strongly deprecated, and friends of Democracy,

¹ Oddly enough the first to raise a bitter outcry against this tax was Mr. Bernard Shaw, a protagonist of Socialism, in *The Times* of 1st February, 1944.

among whom I count myself, dread the inevitable aftermath of such illusory prosperity."

It is significant that, in America, the Labour Relations Board has been criticized for appearing to be far more concerned with "preserving social gains" than with "arresting inflation," and young men in the armed forces are feeling bitter about "the continued exactions of Labour in a time of national emergency" and "scornful about Labour's 'sacrifices.'" ¹ In Britain, too, members of the Merchant Navy and the fighting services have expressed their contempt for strikers in no measured terms.

To guard against misrepresentation or misunderstanding, I must add that, in writing as I have on this subject, I am not suggesting that nothing should be done to improve the position of those workers whose effort is exceptional or whose wages are insufficient, in face of a rising cost of living, to maintain themselves and their families without hardship and to sustain their morale and efficiency. That, however, is another question, involving different considerations and affecting various types of working-class family in different ways. It is mainly in the interest of the lower paid workers that the need to check inflation is so urgent. In stressing so strongly the connection between money-wages and inflation, I am actuated by no other motive than to draw attention to a consideration which politicians and publicists alike studiously ignore. One might almost suppose that the element of wage-rates does not enter into costs instead of being, as it is, one of the largest items. In building, for example, some three-quarters of the costs are for labour. Article after article appears on the organization of industry without any mention whatever being made of the influence of wage-rates on the costs of production, sales and employment.

The advocates of unlimited, unrestricted Socialism, an economy indistinguishable from the totalitarian State, try, in the course of their argument, to persuade the working classes that, as "wage-slaves" or "industrial serfs," whatever these terms connote, they are the victims of a vicious social and industrial system, known for purposes of invective as Capitalism. Yet the plain fact is that where Capitalism has been developed to its highest point of efficiency, as in Great Britain and in the United States of America, real wages are higher and hours shorter than in any other country in spite of much friction engendered by political agitators. Moreover, we produce and deliver the goods, for which incidentally Russia has reason to be thankful, and we offer the world an example second to none of personal freedom, social justice and international goodwill. With all our very human faults, our people have been enjoying an ever-higher standard of life, a completer sense of economic security.² But for the two wars "made in Germany" we should be far on the road to kill "the giant, Want." It must be for those who survive the present war to try to keep the standards we have won. It is for this reason a matter of such urgency to raise the backward nations to an equivalent level of economic welfare.

¹ "U.S. Control of Inflation," by *The Times* New York Correspondent, 3rd May, 1942. Later, in 1943, severe strictures were passed upon the "avarice" of railway-men willing to hold up the whole war effort for the sake of a few pence, and scathing comment made upon the standard of duty prevailing among civilians compared with that of the armed forces.

² In 1899, some 12 per cent of manual workers were poor through low wages or large families; in 1936 only one per cent through the same causes. Infant mortality has similarly shown a remarkable decline to such an extent that the rate to-day for the lowest economic group (unskilled labour) is practically identical with that of the highest group twenty years ago.

CHAPTER XXV

THE NEW WORLD

"POST PRÆLIA, PRÆMIA"
(After battles, rewards.—MEDIEVAL)

1

IN DECEMBER, 1940, *The Times*, IN A REMARKABLE LEADING ARTICLE HEADED "The Two Scourges," discussed the question of war and peace aims. Declaring that "the most urgent and imperative tasks of our civilization" are "the abolition of war and the abolition of unemployment," it called for "positive and constructive action." "To abolish war," the writer said, "means to create an international order in which good faith will be observed and in which the unchecked pursuit of national interest will be tempered by consciousness of loyalty to some wider community." To abolish "unemployment means to create a social order in which . . . liberty will imply a chance for all; equality . . . social and economic opportunity; fraternity . . . a lively sense of common responsibility for the well-being of the least fortunate . . ."

The unemployment problem "can be solved when we recognize in time of peace a social purpose as compulsive and as worthy of sacrifice as the purposes of war." "The planning of peace," the writer concluded, "calls for a leader who will have the courage and the vision to make the same appeal."

This truly admirable article did not, as some commentators supposed, advocate the confiscation of interest, the wages of saving, at a moment when investment was of paramount importance, nor did it suggest the sacrifice only of profits in the promotion of the common welfare but also of some wages. As already mentioned, this latter point is important since politicians of either wing never have the courage to deal with it.

It was a clarion call to the whole people enunciating the principle that, to abolish war and unemployment, self-interest among nations and individuals alike must be tempered by consciousness of a wider loyalty to the community. Therein, in a nutshell, lies the whole problem: how to persuade nations and individuals to accept the sacrifices involved in this principle. Is it, in short, to be self-interest or service?

2

Germany appears to have solved the problem of unemployment in an economic system organized solely for war. She has reverted to virtual serfdom: conscription of labour, no freedom of movement, and no choice of occupation. Consumers' goods are severely restricted. To avoid inflation wages are fixed and all purchasing power in excess of the value of consumers' goods produced is "sterilized" by taxation or compulsory saving. Almost the entire machinery of production—man-power, transportation, capital and credit—is thus devoted to war and destruction.

The immediate problem to be faced, when this war is won, will be, not how

to give full employment to willing mobile workers at reasonable wage-rates, since all our man-power will be needed, but with war-adapted, war-worn and obsolescent machinery, exhausted raw materials, disorganized transportation and uninhabitable homes, how to meet the heavy calls that will inevitably be made upon our productive capacity. The country will never again, I trust, invite a war of aggression through military weakness. We must, therefore, maintain adequate naval, military and air forces, thus reducing the man-power available for production. Reconstructing our bombed areas, rehousing, reconditioning factories, replacing obsolescent industrial and agricultural plant, renewing clothing, furniture and household equipment, and making good war losses of every kind will absorb much capital and labour. To pay for the increased imports of raw materials probably at higher prices through scarcity, and to compensate for the loss of pre-war oversea investments and "invisible exports," such as our commercial, financial and shipping services to world trade which in the past have paid for a large proportion of our imports of food and raw materials, a greatly enlarged export trade must be developed and an intensive research organization created to discover the things that are wanted, and in what quantities, and the prices that an impoverished world can afford to pay. High quality will be a first essential. As, moreover, we are quite properly committed to the policy of helping to restore all devastated countries, further large quantities of capital goods must be manufactured and sent abroad either free or at reasonable cost.

On all these services the labour employed will be adding nothing to the store of commodities available for their own and their dependents' consumption but will be receiving in the shape of wages colossal claims against that much depleted store. It needs little imagination to foresee that, unless drastic measures are taken to prevent a wild scramble for the diminished supply of consumers' goods, it will scarcely be possible to avoid rapidly rising prices and consequent grave discontents. Such measures will be the more necessary if schemes involving cash payments in respect of higher pensions, family allowances and insurance are not to be rendered abortive, and the people's savings decreased in value through inflation and the lower purchasing power of the pound. These savings and the post-war refunds of income-tax, will, if released, create a further demand upon the supply, and add to the confusion.

On the other hand, taxation on a broader basis will be necessary to provide for the interest on and reduction of the national debt; and investment on a vast scale will be required to finance the production of raw materials and equipment so as gradually to restore more normal conditions. Capital will have to be found, too, for restarting old and creating new businesses and for such purposes banks must be prepared to lend deposits with somewhat less regard for the orthodox rules of normal banking practice.

3

It would appear, then, that Democracy must be prepared to make, through Parliament, for the common good voluntary sacrifices analogous to those exacted compulsorily by a Dictatorship. Strict rationing of necessities must be continued for some time; the manufacture and importation of luxuries rigidly controlled; capital investment be directed to essential services; and taxation applied alike to profits, salaries and wages with a view to prevent inflation, by

ensuring as far as possible that the aggregate purchasing power remaining in hand shall not exceed the value of the commodities available for home consumption. By this means, within the limits of expansion imposed by our resources in men, material and shipping, the productive capacity of industry could be fully applied to peaceful reconstruction. Provided—and this is the indispensable condition—the spiral of rising money-wages and prices is broken, there should be full employment for all for many years to come. More normal conditions will quickly be re-established, but till then, it may, and probably will be necessary to continue to control prices and profits, and even—*horresco referens!*—to put a ceiling on wages. At a later stage and as a temporary measure employment may need to be stimulated by judicious public investment in works of social value but of no value in exchange, by directing private investment into the channels of greatest public utility and by some reduction in taxation to encourage saving for investment. As I have said before, I should like to see the workers admitted as real partners in industry to a fuller knowledge of the financial and managerial mysteries of their employment, but they, in their turn, must be as willing to make sacrifices as are the other partners in industry, and submit to some regulation of their rules, occupation, residence and wages and flexibility in the hours and conditions of their service in order to play their part in the cure of unemployment. The exorbitant demands made by organized labour after the First World War must not be repeated.

The drastic action outlined above would effectively prevent inflation and so assist a rapid industrial recovery and prepare the way for that gradual, progressive expansion of production which is this country's prime interest, and the best means to full employment.

4

Much is being written in these days on this subject, but there seems a strange reluctance to face the main crux of the matter and to answer explicitly the question, full employment, but at what wage? High production can afford to pay high real wages, but high money wages involve other considerations. If our exports on which our industrial future must largely depend are to hold their own successfully with goods produced by lower-paid labour, the price must be competitive and, unless some alternative method can be found, money-wages may have to be cut. Apart from increased efficiency in production and selling which is, in any case, essential but a slow process, possible alternatives to wage-cutting are subsidies and currency depreciation. The former device increases taxation and therefore decreases savings, which play an important part in an expanding economy. It is wasteful and invidious, since, unless given only to the inefficient, it makes an unnecessary gift to the efficient. Currency depreciation is equivalent to an ungraduated tax on all consumers, including, of course, the wage-earner. It invites retaliation and operates both ways, making our exports cheaper to the foreign buyer but our imports dearer in the home market, so raising the prices of essential commodities and reducing real wages by a devious subterfuge. It seems to follow that, directly or indirectly, wages must be cut or the purchasing power of the foreign importer be somehow increased, which, too, must be a slow process.

This again suggests the importance of foreign investment, and creates a further doubt whether organized labour, even in its own interests, is wise in

deriding the service of saving for investment and in grudging its reward, or the Government in regarding it as "unearned," when in fact it is doubly earned—since income must be earned before it can be saved—and in taxing it ruthlessly as though it were, not, what it is, an essential service, but a positive disservice to the community.

5

The part which must be played by this service of saving for investment if a policy of expanding production is adopted does not seem to be fully realized in some quarters. J. A. Hobson's theory of under-consumption and over-investment has been too readily accepted. An expansionist policy implies a progressive increase of production for consumption. This increase is obtainable only through new means of production or the fuller use of existing means. Industrial progress, therefore, depends upon an ever-increasing amount and use of fixed capital. Side by side with this increase a corresponding increase in savings is essential in order to take over the fixed capital produced. Every period of "boom" seems to be marked by a conspicuous and relatively excessive increase in the production of fixed capital, and every "slump" by a decrease. This trend is much less noticeable in the rest of production. The turning point between "boom" and "slump" is accompanied as a rule by a wild scramble for capital to finance works in progress. I am not, of course, suggesting that the capital fund is stationary. At the beginning of a "boom," the total capital available for investment gradually increases with increasing profits, but, as the cost of labour and material rises, it falls again, and the whole amount available tends to be absorbed into industrial expansion, until a saturation point is reached when further capital is unobtainable, and an economic crisis and mass-unemployment supervene. Left-wing theorists indulging their bias towards nationalization propound as a cure for such catastrophes State intervention to promote public works. To provide the necessary capital they advocate increased taxation or borrowing, a policy which must result in greater stringency in the supply of savings-capital and so exaggerate the mischief and postpone recovery.

6

State action of this kind may fulfil a political purpose, but cannot be justified on economic grounds except as an alternative to the "dole" and as a temporary measure or for long-term national investment on projects only remotely remunerative, e.g., afforestation. It merely substitutes public for private investment. The true remedy lies, I suggest, in preserving a careful balance between the increasing production of fixed capital which is essential to an expanding economy and the formation of savings capital without which it cannot be financed. There is no such thing as general over-production: there is, however, a recurrent tendency to unbalanced production which must be watched and corrected before it goes too far. A low rate of interest and an abundant supply of money encourage borrowing for the production of fixed capital: a high rate checks it. A "slump" leads to a low rate, which helps to end it. High prices of raw material and high costs of production and distribution similarly react adversely upon expansion. It is important to keep

the price level and the value of money stable relatively to the increase in production, or foreign exchanges will fluctuate disastrously, depending as they do upon the purchasing power of the various currencies. Any excess or deficiency of money must be corrected. The regulation of the quantity of money must be subject to State control, as, in fact, it now is through the Treasury's close connection with the Bank of England whose operations determine the quantity of bank cash. Responsibility for maintaining the balance between fixed capital expenditure and savings-capital should rest on the Government, acting through its control of the bank-rate, of the volume of credit and of the incidence of taxation, especially in relation to the accumulation of industrial reserves, allowances for depreciation, etc. State action ill-directed can do much to upset the balance.

If an expansionist policy is to be maintained, measures to encourage the creation of savings-capital on the observed approach of a "boom" are to be preferred to those intended to restrict investment in fixed capital. In other words, the reduction of taxation on industry and its increase on luxuries are preferable to raising the bank-rate, or any similar restrictive device. Unfortunately, the political repercussions might be serious. The good ship Democracy in such rough seas would need an honest crew if she is to reach Utopia.

The idea current in Socialist circles that "banks create money (or credit) out of nothing" is sheer nonsense. The banks make no advances except on collateral security, or, in the case of unsecured advances, at the risk of losing their own funds. The State can raise money either by taxation or loans, or by the printing press. Only in the latter case is new money created out of nothing. It is, moreover, free of interest, need never be repaid and may be lent to industrialists at low rates of interest or at none. This sounds attractive until it is realized that such a measure cannot be adopted with impunity. It would probably depreciate the purchasing-power of the national currency to an equal extent directly and possibly to an even greater extent indirectly through a loss of world confidence. Not by such inflationary devices will the New World be created!

7

How then can it be created? The answer, so unsatisfactory to some, is: not by juggling with currency and credit but by service and sacrifice. Mr. Herbert Morrison, speaking recently at a Labour Party meeting, visualized such a partnership between the State and large-scale industry as experiment might prove to be most conducive to effective co-operation in what he calls "the new expansive economic system." This so-called "new" policy is one that I was advocating twenty-five years ago! It cannot be achieved by sophistry.

J. A. Hobson's argument, which can appeal only to very shallow thinkers, is a false deduction from the fact that the poor consume their income, and only the rich can save. If, he argues, too large a proportion of the national income is saved, too small a proportion is spent on consumable goods. The result is under-consumption and crisis. But if the poor do not save and the rich only save surplus income how can the demand for consumers' goods and services be diminished by saving? On the contrary, the additional employment created and wages paid in the making of new capital goods must increase the effective demand for consumers' goods. To Socialists the merit of Hobson's theory lies,

I suspect, in its unorthodoxy, while the false idea that the banks create money out of nothing or control its volume inspires them with the longing to take over so wizard a source of squander-mania. The chaos that followed their accession to power soon after the last war was, to a great extent, due to the influence of these self-evident fallacies, which are fatal to economic stability, and, therefore, to full employment and expansion.

Organized Business and organized Labour must work together in harmony. Harmony is the world's greatest need: why not begin at home? Both must abandon restrictive measures, both must submit to some measure of public direction in the public interest. It has been well said that "Labour monopoly commonly co-exists with monopoly on the employers' side."¹ There is indeed good reason to believe that the latter results from the former, being created out of the necessity for satisfying labour's ever-rising claims. If consumers' demand is to prove fully effective in stimulating supply and employment, the consumers' interests must no longer be ignored in wage agreements but be recognized as paramount. They, after all, are the people. Both Business and Labour must find their greatest incentive and reward in the consciousness of whole-hearted service to the community. It may well be that some considerable change in outlook is needed to ensure a more perfect social system. The spirit of service and sacrifice, which inspires men and women in the three Services to give of their best with little hope of reward, might well prove worthy of imitation in our industrial life.

There is, indeed, a step towards Utopia which might well be taken, when peace comes, in proof of sincerity. So long as the need for capital goods remains urgent, with a consequent shortage of consumers' goods, the people's savings and post-war tax rebates could not in any case be released to them in the form of purchasing power without the serious danger of inflation depreciating their real value. Would it not be wiser, and more in consonance with the spirit of true Democracy, to use these frozen assets for some common social purpose which would be of benefit to returning service men as well as to those in reserved occupations, and remain as a permanent symbol of the national will to carry the comradeship and unity of war into the post-war world? They might form a National Trust Fund, the income from which could be put to no worthier use than the provision of social services in furtherance of this high ideal, thus making the people to a greater extent the architects of their own fortune, removing some taint of charity from social security, and, by lifting the handicap under which service men have suffered through their ability to save being so much less than that of their more highly paid civilian comrades, restoring a measure of social equity and subordinating the motive of individual gain to one of mutual service?

8

To create an international order in which good faith is observed and national self-interest held in check will, I fear, prove an obstinate problem. There is another which must be solved. It is not a hopeless task, but it will take time, a long time. During that time it is essential that the British Empire should retain sufficient military forces to prevent the desire for peace being once more mistaken for fear, her good will for weakness.

¹ *The Means to Full Employment* by G. D. H. Cole, p. 68.

The problem, to which I refer, is the de-education and re-education of the German people and other aggressively minded peoples. It is to be hoped that we shall never again be without the support and active co-operation of the United States both for this stupendous task and in the maintenance of adequate forces. These duties must assuredly be fulfilled if the world is to be saved from yet another conflagration and allowed time in which to re-create such of our lost values as are not irreplaceable.¹

Fortunately, there are signs that minds ill-taught by prejudice may be better taught by experience: *empta dolore docet experientia*. The present Minister of Labour is facing facts. Addressing the Transport and General Workers in August, 1941, Mr. Bevin expressed the hope that they would not only have social security at the end of the present war but a social obligation. He still believed in a citizen army and a democratic army. He still believed it was a social obligation to defend their own homesteads. The Army must never again in its organization be allowed to be destroyed as it was after 1918. The Labour attitude to the problem of defence would have to be re-examined, not for the purpose of our own country but for the purpose of maintaining international discipline. The old outlook had been defence on the cheap.

It needs courage to speak so frankly. But unquestionably Mr. Bevin's words ring true. It is, moreover, equally true to say that, without security from recurrent war, the national standard of living is in perpetual jeopardy. Without peace there can be no hope of plenty.

9

I cannot agree with those who maintain that the present world-crisis is either a revolt against civilization or its disintegration. It is, I think, even a definite step towards its firmer integration. It is not in any true sense a revolution or a counter-revolution. Revolutions are or should be an anachronism. The present struggle is a predictable phase in evolution, dating from the invention of the internal combustion engine, of aviation and broadcasting. A state of chaos, a "disordering," has supervened through the misuse of these inventions in a world of flux. The Axis Powers are merely fishing in troubled waters. Intent on consolidating, greedily and selfishly, a predominant position for themselves and careless of all values save their own, they have corrupted a number of uncivilized and semi-civilized peoples who serve their ends. Their undeniable qualities of industry, efficiency, discipline and sacrifice, now devoted to such unworthy objects, must somehow be directed to a more constructive purpose.

How is this to be done? It will not be an easy task. To de-educate Germany we must somehow eradicate deep-rooted traditions that glorify physical force, assert a claim to racial superiority, justify territorial aggrandisement and challenge all the liberties for which democracies are fighting. The complete defeat and disarmament of the enemy and his unconditional surrender are the first essentials. The British Empire, the United States of America

¹ Since this Chapter was written, Mr. Sumner Welles, United States Under-Secretary of State, stressing the utter failure of Isolationism as a national policy, has outlined the cardinal principles of organization for peace. "Had we been willing to play our part," he declared, "in keeping the peace of the world since the last world war, the cost to us in life and treasure would have been but an infinitesimal part of the cost required of us to-day."

and the Union of Soviet Republics, nations which enshrine the principle of voluntary unity must remain armed and united at least until the evil spirit that prompts aggression is completely exorcised, and the power of reason casts out the devils of greed and selfishness. Nothing less than a radical change in the mind and character of whole peoples has to be effected. The mistake made after the last war must not be repeated, for no valid distinction can be drawn between them and their Governments. Re-education, which cannot begin until de-education is complete, may, it is reasonable to hope, eventually assume the character of self-education. A higher ideal must be set before them. Their obsession of world-domination by force of arms must somehow be sublimated and transmuted into the ideal of world-service by force of example and character. To this ideal all must conform if justice is to be done and peace follow.

We were indeed warned, at the close of the First World War, by one whose intellectual grasp outreached that of most of his contemporaries. I refer to Lord Moulton. What were his credentials? At Cambridge he was Senior Wrangler and also President of the Union. From the Bar he went straight to the Bench as Lord Justice. In the House of Commons, as a private Member on the Opposition side, he successfully piloted through the House the Trade Marks Bill of 1905. In Science he achieved the distinction of election as F.R.S., and finally, as if these accomplishments were not enough, he spoke French and German fluently, had travelled extensively in Western and Central Europe and in America, had many friends in Germany and was actually with the German Army when the Franco-German War of 1870 broke out. Such a man's opinion is entitled to respect, and should carry conviction.

"For at least half a century," he said in the Reade lecture of 1919, "Germany had stood first among the great nations in its care for the education of its people. Science was everywhere cultivated and made accessible to the whole nation. Even allowing for the exaggeration of its claims due to its persistent self-glorification, I do not doubt that the boast of the Germans that their country could show a larger proportion of men of scientific attainments than any other was substantially justified and no doubt the influence of these men on the thought of their country was proportionately great. Yet we find Germany during a period of at least twenty years consciously and deliberately making preparations for a war to be waged upon its neighbours solely for the purpose of self-aggrandisement. When the war was at last commenced it was acclaimed and universally supported by the nation. That it opened with a flagrant and undisguised breach of national faith affected the people not at all. At no time did they seek in any way to mitigate its horrors, but made it their aim to increase them. Common soldiers co-operated with their officers and the higher commands in carrying it out with calculated and revolting brutality to the civil population of the invaded countries. Finally they introduced the use of gas and the tortures of so-called chemical warfare. They thus realized the image which has been before my mind throughout this war when thinking of their idea of the individual and the nation—that which they would have science and education make them. It is the monster which the Frankenstein of Mary Wollstonecraft created—a human being with his powers magnified to those of a giant but destitute of moral sense."¹

¹ This view is fully confirmed by Professor L. B. Namier, in his recent work, *Conflicts*, which contains a significant study of the German national character.

Such, too, is the image which perpetually haunts my mind. He would be a bold man who would dare to argue that the present war encourages any hope of an immediate change in the German mentality or character, foreshadowing the birth of a sense of moral responsibility. It may come: until it does, there can be no place in a sane world for German untutored independence. Meanwhile, the international control of her industrial plants and raw materials essential for the production of modern armaments could be readily effected. This is a common-sense precaution that should be taken.

10

The duty of liberating the nations from the menace of German tyranny and militarism will have strained our resources to the utmost and placed our own standard of living in direst jeopardy. The task of restoring our fortunes and setting less fortunate peoples on their feet again will be hard and long. It will become possible only if we accept our responsibilities both moral and material, unitedly, in a spirit of confidence, resting content at first with what our straitened circumstances will permit and looking forward not to an immediate Utopia but to gradual recovery through hard work and industrial harmony. Peace, like charity, should begin at home and spread abroad. Its fruit is plenty.

What then of the New World, to which, as in 1919, we are invited once more to look forward with fresh hope? It is not a social, economic or political revolution that is needed, but the spiritual refreshment of our hearts and minds at the one and only source of the good life. We need to guide our way to that true source by the light of the old lamp of faith and with the help of the genie of unselfish service.

Let the new world, then, be the old world, but inspired with a new spirit, its will surrendered to the divine law, its mind purged of greed, hypocrisy, and selfishness and filled with a truer sense of values, its heart guided by reason and bent on service and willing sacrifice, its thoughts turned to helpfulness towards the weaker and more backward races and to collaboration with the stronger for the betterment of all, its eyes lifted ever to the highest, its face touched by some "Splendour of God" and transfigured. In such a world, the wider loyalties can be engendered within a wider framework. To create it is a "social purpose as compulsive and as worthy of sacrifice as the purposes of war." This is the high adventure in which the youth of all nations, all those, indeed, who have been so willing to give their lives in war, may find full scope for their energies and faculties in peace. It will not prove an easy task. It will demand courage, industry, discipline, enterprise and, above all, good will and self-oblation. On these old-time virtues our hopes for a better world depend.

In this ideal is to be found the pith of every religion, the kernel of every faith. It enshrines the whole teaching of the Founder of the Christian religion, all that He, a devout Jew, declared to be the whole Law and the Prophets. It embodies "the humanitarian spirit and democratic principles," which, as Nahas Pasha has reminded us, "are the basis of the Islamic religion." It conflicts with the tenets of no living religion and includes the best in all. If it

could be taught in every British school, in every school the world over, it could but serve to bring to fruition the new world of our dreams.

Whose is the right to live ? Each holds in trust
To be in loving service richly spent
The current coin in which his loanéd dust
Is minted in GOD's image. Discontent
Rifles his store whose hoarded happiness
Is not twice-blessed. To love and serve must be
Both end and means whereby MAN may express
His inescapable DIVINITY.
His life rings true, who consecrates his strength,
Time, talents, vision, sympathy and skill
In fealty to his fellows : thus, at length,
He may redeem his loan, HIMSELF fulfil.
 He lives who serves. Who serves must surely keep
 Watch o'er himself, ward o'er his Master's Sheep!

And this is as true of peoples as of men.

THE END

INDEX

- A Great Experiment (Cecil)*, 54, 57, 58, 107, 113-118, 130
A History of Europe (Fisher), 37
A Picture of Life (Mersey), 41, 50
 Abyssinia, 119-121
 Adams, Professor, 67
 Adkins, Sir Ryland, 83, 99
 Afghanistan, 15, 21, 30
 Africa, Central, 13
 Africa, East, 60
 Africa, South, 16-19, 24, 85, 97
 Africa, West, 13
 Ahmed, Sir Sultan, 90
 Agadir, 33
 Air Inventions Board, 66
 Akers-Douglas, Major the Hon. George, 49
 Aliens Restriction Act, 83
 Algiciras, 20
 Alsace, 13, 17, 77
 America, Central, 60, 65
 America, South, 56, 64, 65
 America, United States of, 17, 20, 26, 35, 44-47, 51, 55, 56, 58, 68, 76, 80, 88, 97, 98, 100, 102, 106, 108, 114, 117, 118, 120, 121, 125, 128, 129, 137, 154, 159, 166
 Amery, Rt. Hon. Leopold, 86
Among the Kara Koram Glaciers (Visser-Hooft), 16
 Amritsar, 90
 Anderson, Sir John, 99
 Anglo-American Convention, 116
 Anglo-French Agreement (1904), 24, 26, 110
 Anglo-Japanese Alliance, 20
 Anglo-Russian Agreement (1907), 26
 Archduke Franz Ferdinand, 34
Arms and the Man (Shaw), 12
 Army Bureau of Current Affairs (ABCA), 67
Army Reform, (Haldane), 27
 Arnold, Lord, 125
 Asquith, Rt. Hon. Herbert, 32, 52, 67, 92, 94, 96
 Astor, Viscountess, 125
 Australia, 88, 124, 131
 Austria, 10, 13, 37, 38, 84, 121, 154
 Austro-Hungary, 62, 64, 69, 72, 75, 77
 Avonmouth, 33
 Baldwin, Stanley (Earl Baldwin of Bewdley), 84, 116, 119, 121, 152, 153
 Balfour, Arthur James, 1st Earl of, 21, 37, 69
 Barrington-Ward, R.M., 99
 Beaverbrook, Lord, 62, 74, 75, 78, 87
 Belaeff, General, 45
 Belgian Relief Commission (C.R.B.), 55
 Belgium, 10, 17, 20, 24, 26, 30, 34, 38, 80, 116, 121
 Bennett, Lord, 89
 Berlin Congress, 13
 Berlin, Treaty of, 13
Berlin Morgenpost, 77
 Bernstorff, Count, 42
 Beveridge, Sir William, 33, 151
 Bevin, Ernest, 153, 157, 166
 Bigham, Clive (2nd Viscount Mersey), 41, 50
 Birdwood, Field Marshal Lord, 19, 22
 Birkenhead, 1st Earl of, 98
 Bismarck, Herbert, 38
 Bismarck, Prince von, 13, 14, 28, 38, 132
 "Black-list," 48, 58
 Bleibtreu, Karl, 17
 "Bloodless Warfare," 6, 39-42, 107, 122, 131
 Borden, Sir Robert, 88
 Bosnia-Herzegovina, 13
 Botha, Louis, 18, 19
 Bourgeois, Léon, 114, 120, 122, 130
 Bracken, Brendan, 109
 Brade, Sir Reginald, 40
 Briand-Kellogg Pact, 117
British History in the Nineteenth Century and After (Trevelyan), 37
 Bruce, Stanley M., 124
 Bulgaria, 13, 62, 72, 75
 Bureau Central Interallié (B.C.I.), 41, 46, 50, 59
 Burnham, James, 142, 144
 Burnham, 1st Viscount, 77
 Burton, Sir Pomeroy, 77
 Butler, Dr. Nicholas Murray, 36
 Cable Censorship, 19, 22, 23, 39-46, 48, 86
 Callwell, Major General Sir Charles, 40
 Campbell-Bannerman, Sir Henry, 21, 25
 Camerouns, 13
 Carlyle, Thomas, 12, 15, 31, 60
 Carr, Professor E. H., 15
 Cave, Sir George, 80
 Carson, Sir Edward, 67, 74, 98, 112
 Cecil, Lord Robert (Viscount Cecil of Chelwood), 44, 45, 51, 54, 55, 57, 58, 65, 106-108, 110, 113, 121, 125, 128, 130, 131
 "Certificates of Origin," 47
 Chamberlain, Neville, 121, 155
 Chamberlain, Sir Austen, 89, 101, 117
 Charnwood, Lord, 99
 Chesney, Sir George, 22
Chicago Tribune, 98
 China, 20, 118, 154
 Chinese Turkestan, 15
 Chitral, 16
 Churchill, Colonel A. G., 53
 Churchill, Winston S., 4, 22, 27, 36, 37, 92, 94, 102, 103, 119, 121, 123, 154, 155
 Ciphers and Codes, 19
 Citrine, Sir Walter, 158
 Coalition, Principles of, 103-105
 Cockerill, Sir George, 95, 101
 Cole, G. D. H., 133-135, 139, 165
 Collins, Michael, 97-99, 102
 Communism, 14, 139, 142, 144
Conditions of Peace (Carr), 15
Conflicts (Namier), 167

Conscription, 33, 34
 Conwell-Evans, T. P., 122
 "Council of Action," 147
 Cozens-Hardy, The Hon. W. H., 83
 Cranborne, Viscount, 32
 Crewe, Marquess of, 44
 Cromwell, Oliver, 28, 91
 Crowe, Sir Eyre, 37, 44, 80, 106
 Cunliffe-Owen, Sir Hugo, 62
 Curtin, John, 89
 Curzon, George N. (Marquess Curzon), 16,
 21, 22, 25, 44

Daily Mail, 62, 75
Daily Review of the Foreign Press, 71
Daily Telegraph, 138
 Dansey, Colonel Claude, 46
Das Kapital, 14
 Dasht-i-Gul, Mt., 16
 Davies, Colonel Warburton, 74
 Davies, General Sir Francis, 18, 22, 39
 Davies, Lord, 123
 Decasualisation, 33
 Decentralisation, 41
 Declaration of London, 26
 d'Egville, Sir Howard, 91
 Democracy, 17, 34, 37, 38, 143, 154, 158,
 161, 164, 165
 Denmark, 13, 38, 56
 Derby, Earl of, 70, 99, 101, 108
 de Valera, Eamon, 93-95, 99-103, 105
 de Villiers, Sir Henry (see Villiers)
 De Wet, Christian, 19
 Directorate of Special Intelligence, 18,
 39-42, 45, 46, 49, 50, 58, 62, 63, 65, 66,
 68-70, 72, 73, 78, 148
 Disarmament, 82, 152, 153, 155
 Disteghil (Dasht-i-gul) Mt., 16
 Dominions Gallery, H. of C., 91, 152
 Dominions Office, 86, 87
 Donald, Sir Robert, 64
 D.O.R.A., 25
 Dreyfus Affair, 20
 Dyer, General, 90

"Economic Sanctions," 42, 54, 79, 82, 112,
 114-116, 119-122, 124, 130, 155
 Economic Section, General Staff, 49
 Economic Security, 81
 Economic War, 6, 11, 40-42, 45-55, 78, 108
Economic Warfare, 1939-40 (*Einzig*), 48
 Eden, Anthony, 124
 Eden, Sir Ashley, 22
Edinburgh Review, 27, 32
 Education, lack of, 37, 38
 Egerton, Captain F. C., 67
 Egypt, 13, 20, 29, 64
 Einzig, Dr. Paul, 48, 58
 Elgin, 9th Earl of, 21
 Ellenborough, Lord, 23
 Elles, Sir Edmond, 21, 22
 Elliot, Hon. Arthur, 27, 31
 Elliot, Walter, 99
Encyclopædia Britannica, 61
 Esher, Viscount, 76
 "Expansionism," 82, 142

Fascism, 14, 142

Fashoda, 17, 20
 "Fifth Arm," 11, 42, 63, 66-71, 78
Fifty Years of Europe (Spender), 36, 38
 Fiji, 13
 Financial Blockade, 56
 "First International," 14
 Finlay, Dr. (*New York Times*), 99
 Fisher, H. A. L., 37, 67
 Fisher, Sir John, 18
 Foch, Marshal, 61, 70
 Forestier-Walker, Sir Frederick, 18
 "Fourth Arm," 11, 42, 54-60, 78
 France, 10, 13, 17, 20, 24, 26, 31, 34, 38, 65,
 76, 80, 116, 117, 119, 121, 125, 155
 Franco, General Francisco, 65
 Franco-Prussian War, 13, 23
 Franco-Russian Alliance, 16
 "Freedom from Fear and Want," 81, 152
From Private to Field-Marshal (Robertson),
 29
 Fromageot, Monsieur, 45
 Fyfe, Hamilton, 69
 Garruccio, General, 50
 Garvin, J. L., 99
 Gaunt, Captain, R.N., 77
 Geneva Protocol, 116
Geographical Journal, The, 16
 George, David Lloyd, 74, 86, 91, 93, 95-
 100, 102, 103, 105, 145, 146
 George V, King, 99, 101
 German East Africa, 60
 Germany, 10-14, 16-18, 20, 25, 26, 31, 33,
 37, 38, 45-47, 55-57, 60, 62-65, 68, 69,
 71, 72, 74, 75, 77, 84, 113, 116, 119, 121,
 125, 130, 132, 142, 155, 160, 166, 167
 Girouard, Sir Percy, 21
 Gladstone, William Ewart, 38
 Graham, Sir Thomas, 18
 Graham, William, 148
Great Britain in the Post-war World
 (G. D. H. Cole), 133, 139
Great Contemporaries (Churchill), 22
 Greece, 13, 29
 Greenwood, Sir Hamar, 96
 Grey, Sir Edward, 24, 35, 44, 51, 52, 57, 93,
 94, 96, 103
 Griffith, Arthur, 95-97, 99

Hague Peace Conference (First), 17, 35
 Hague Peace Conference (Second), 25, 26,
 35, 43, 45
 Haig, Earl, 27, 30, 66
 Haldane, R. B. (Viscount Haldane of
 Cloan), 21, 24, 26-28, 30-35, 37
 Hall, Admiral Sir Reginald, 80
 Hall, Professor, 110
 Hardinge of Penshurst, Viscount, 67, 125
 Hawaii, 20
 Heeren, Arnold of Göttingen, 14
 Henderson, Admiral, 88
 Henderson, Arthur, 111
 Henderson, Colonel G. F. R., 29
Himalayan Journal, The, 16
 Hindenberg, Marshal von, 61
 Hindu Kush, Eastern, 15
 Hitler, Adolf, 11, 63, 65, 70, 72-75, 78, 79,
 82, 117, 121, 127, 154-156, 158

- Hoare, Major Geoffrey, 49
 Hoare, Sir Samuel, 120
 Hobson, J. A., 163, 164
 Holland, 20, 47, 55, 56
 Hollis, Christopher, 120
 Hoover, Herbert C., 55
 Hopwood, Sir Francis (Lord Southborough), 51, 52, 55
 Horne, Sir Robert, 83
 Howard of Penrith, Lord, 109
 Hurst, Sir Cecil, 80, 113

 Imperial Conference, 87, 88
 Imperial Council, 86-88
 Imperial Defence, 35, 85-91, 152, 153
 Imperial Defence Committee, 23, 24, 26, 87
 Imperial Organisation, 86, 89
 Imperial War Cabinet, 86
 India, 20, 21, 64, 85, 89, 90
 Indian Army System, 21, 22
 Industrial Reconstruction Council (1919), 132
 Inflation, 141, 157-159, 161-163
 Inge, Very Reverend W. R., 139
Instincts of the Herd in Peace and War (Trotter), 133
 International Court of Justice, 129, 131
 International Prize Court, 26
Into Battle (Churchill), 92, 102, 103
 Ireland, 91-106, 152
Irish Independent, 101
 Islington, Lord, 51, 55
 "Isolationism," 166
 Italy, 13, 17, 20, 76, 80, 116, 119-121, 125, 130, 142
Italy in Africa (Hollis), 120

 Jackson, Major General Sir Louis, 10, 11, 30
 Jameson Raid, 16
 Japan, 17, 20, 37, 117, 121, 125, 130, 150
 Joad, Professor, 115
 Johnston, T. B., 33, 149
 Joyce, James, 136
 Joynson-Hicks, Sir William, 90
 Jugo-slavia, 77

 Kaiser William II, 14, 16, 17, 24, 32, 34, 36, 76
 Kaiser's "New Course," 20, 26
 Karakoram, Western, 15
 Kashmir, 16
 Kell, Sir Vernon, 39
 Kenny, Captain, 65
 Kerr, Philip (Marquess of Lothian), 87, 117, 124
 Kerry, Earl of, 70, 77
Khaki and Gown (Birdwood), 19, 22
 Kidd, Benjamin, 14, 133
 Kiel Canal, 25
 Kitchener, Field Marshal Earl, 19, 21, 22
Kölnische Volkszeitung, 71
 Korea, 20
 Kruger, President, 16, 17, 19

Land Forces of Crown, Past, Present and Future (Cocherill), 27-31
 Lansdowne, Marquess of, 20

 Lassiter, Colonel, 45
 Laval, Monsieur, 120, 121
 Law, Bonar, 92, 96, 105
 Lawrence, D. H., 136
 League of Nations, 17, 42, 58, 69, 76, 77, 82, 85, 86, 88, 107-120, 122-132, 153, 155
 League of Nations Union, 128
 Liberalism, its true principles, 13
 Lindley, Sir Francis, 125
 Lloyd-Graeme, Sir Philip, 84
 Locarno Treaties, 116
 Lothian, Marquess of (*see* Kerr)
 Lowell, J. R., 76
 Ludendorff, Marshal von, 61, 71, 75, 78
 Lytton, 1st Earl of, 22
 Lytton, 2nd Earl of, 125

 Macdonald, Ramsay, 111, 112, 116, 147, 148, 152, 153
 Macdonell, Sir John, 80
 MacEntee, Sean, 103
 MacEwen, Brig.-Gen. Douglas, 41, 67
 Macnaghten, Sir Malcolm, 83
 Mahan, Captain, 18, 26
 Manchuria, 20
 Marriott, Sir John, 125
 Martial Law, 18, 25, 90, 92
 Marx, Karl, 14
 McKenna, Reginald, 55
Mein Kampf (Hitler), 11, 63, 70, 72-74, 82, 127
 Melville, Harry, 63
 Mersey (*see* Bigham)
 Metternich (*see* Wolff-Metternich)
 M.I.5, 39
 Middelburg Conference, 19
 Micholls, Captain G. V., 4
 Middleton, Earl of, 98, 100
 "Military Security," 39
 Milner, Viscount, 19, 70, 72, 89, 152
 Minto, Earl of, 21
 Mitchell, Sir Lewis, 18
 Mitchell, Sir Peter Chalmers, 64, 65, 70, 76-78
 Monroe Doctrine, 20
 Montagu, Edwin, 90
Moral in 1918, 46, 62, 67
 Morley, John, Viscount, 21, 94
 Morocco, 20, 65
 Morrison, Herbert, 164
 Moulton, Lord, 167
 Mount Dasht-i-gul (Disteghil), 16
 Munich, 121, 154
 Murray, Gilbert, 125

 Nahas, Pasha, 168
 Namier, Professor L. B., 167
 National Trust Fund, 165
 Navicerts, 47
 Nazism (National Socialism), 14, 79, 142
 New Guinea, 13
 Newton, Lord, 70
 "New World," 150, 160, 164, 168
New York Times, 93, 99, 158
 New Zealand, 87, 131
 Nicholas II, 17
 Nicholson, Sir Charles, 70
 Nicolai, Colonel W., 19, 42, 70, 72, 78

- Norman, Montagu, 52
 Northcliffe, Viscount, 61, 62, 67-78, 113
 Norton-Griffiths, Sir John, 49, 86
 Oliver, Admiral of the Fleet, Sir Henry, 52
 O'Neill, Major Hon. Hugh, 83
 Onslow, Earl of, 65
Outspoken Essays (Inge), 139
 Owen, Robert, 143
 Page, Walter Hines, 57
 Parker of Waddington, Lord, 109, 112
 Parmoor, Lord, 125
 Peace Ballot, 119
 Peace Conference, 82
 Pearson, Colonel G. S. H., 53
 Penjeh, 15
 Penn, William, 35
 Perth, Lord, 32
 Philippines, 20
 Phillimore, Lord, 113
 "Planned Economy," 144
Playing with Fire, 21
 Poland, 77, 116, 155
 Ponsonby of Shulbrede, Lord, 125
 Portugal, 30
 Portuguese East Africa, 60
 Postal Censorship, 39-46, 48, 53, 54, 63, 64
 Poznanski, C., 15
 Press Censorship, 23, 24, 39, 41
 Procurator-General, 48, 51, 53, 80
 "Profit Motive," 136, 157
 Propaganda, 11, 40, 41, 60-79
 Prussia, 13
 Psychological War, 6, 63
 "Reason or Force"? 9
 Rechberg, Arnold, 72
Records and Reactions (Middleton), 98
 Redmond, Major Willie, 92
 Reigate Division of Surrey, 80
Report on the Propaganda Library, 64
 Restriction of Enemy Supplies Department,
 49, 53
 "Restrictionism," 149
Retrospection (Newton), 70
 Rhodes, Cecil, 16
 Richards, Sir Erle, 80
 Roberts, Field Marshal Earl, 26, 27, 30, 32,
 33
 Robertson, Field Marshal Sir William, 29,
 30
 Robertson, Sir Malcolm, 114
 Royal Commission on Recruiting (1861),
 30, 31
 Rumanian Oilfields, 49, 55
 Russia, 10, 13, 15, 17, 20, 25, 34, 65, 74,
 108, 118, 125, 134, 159
 Salisbury, 3rd Marquess of, 17
 Salisbury, 4th Marquess of, 102, 103, 105
 Samoa, 13
 Samuel, Viscount, 44
 San Stefano, Treaty of, 13
 Scandinavia, 47, 55
 Schleswig-Holstein, 13
 Schomberg, Colonel, 16
 Schuster, Sir Claud, 99
 Scott, J. B., 45
 Secret Services, 39, 41, 63
Secrets of Crewe House (Stuart), 12, 61,
 68-74, 78, 123
 Selborne, Earl of, 23
 Serajevo, 34
 Serbia, 13
 Settle, Sir Henry, 18
 Shaw, Hon. Alexander, 83
 Shaw, G. Bernard, 12, 14, 58, 121, 158
 Shingshal Valley, 16
 Shortt, Edward, 83
 Simon, Sir John, 98, 123
 Slade, Admiral Sir Edmond, 52
 Smuts, Field Marshal Jan, 18, 19, 32, 70,
 88, 97, 100, 101, 126, 127, 254
Social Evolution (Kidd), 14, 133
 Social Reform, 37
 Social Security, 82, 85, 115, 149, 151
 Social Services, 37
 South America, 63
 Southborough, Lord (*see* Hopwood)
 Spain, 38, 59, 65, 69
 "Special Intelligence," 41
 Spender, J. A., 36, 38
 Steed, Wickham, 62, 70, 72, 77, 93, 96, 98
 Steele, John S., 98
 Stein, General von, 77
 Storr, Lancelot, 86
 Strachey, Sir John and Sir Richard, 21
 Stuart, Sir Campbell, 12, 61, 62, 68-71, 73,
 77, 78, 123
 Sudan, 20
 Swinton, General Sir Ernest, 63, 73
 Switzerland, 16, 47
 Taine, Henri, 75
 Tangier, 20
 Tannery, Jean, 50, 54, 56, 59
 Tawney, Dr. R. H., 158
Testament to Democracy (Wedgwood), 153
The Devil's Disciple (Shaw), 12
The German Secret Service (Nicolai), 19, 42,
 70, 72
The Land Forces of the Crown (Cockerill), 27
The Managerial Revolution (Burnham), 142
The Means to Full Employment (Cole), 135,
 165
The Outline of History (Wells), 10, 89, 90
*The Press as an Intelligence Agent in Time
 of War (Cockerill)*, 23
The Rights of Nations (Poznanski), 15
The Science of War (Henderson), 29
 The "Socialist Commonwealth," 144
The Times, 23, 24, 57, 67, 87, 88, 90, 93,
 95-101, 103, 107, 108, 114, 117, 121, 125,
 154, 155, 158, 159, 160
*The Times History and Encyclopædia of the
 War*, 60, 61, 72
 Thibet, 21
 Thomas, Ivor, 73
 Thornbury Division of Gloucestershire,
 32-34, 40, 91, 149
Through Thirty Years (Steed), 60, 70, 72
 Tirpitz, Admiral von, 17, 32
 Togoland, 13
 Trade Clearing House, 50
 Trade Unions, 137, 139, 141, 143-146, 149,
 157, 158

Trades Union Congress (T.U.C.), 112, 157, 158
 Transvaal, 16
 Treaty of Mutual Assistance, 116
 Treitschke, Heinrich von, 14
 Trevelyan, G. M., 37, 124
 Trotter, Professor Wilfred, 133
 Tunis, 13
 Turkey, 29, 62
 Tyrrell, Lord, 32

 Ulster, 92, 100, 101
 Unemployment, 33, 145-147, 152, 156, 157, 160, 163
 Union of Soviet Socialist Republics, 129, 167
 United Kingdom Commercial Corporation, 49
 United Nations, 34
 United States of America (*see* America)
 Unity, need for, 104-106
Unknown Karakoram (Schomberg), 16

 Vansittart, Lord, 37
 Vereeniging, 19
 Versailles, Treaty of, 84, 130
 Villiers, Sir Henry de, 18
 Vischer, Sir Hanns, 89
 Visser-Hooft, Mrs., 16

 Wage-system, 33, 105, 139, 149-151, 153, 154, 156, 157, 159, 162-165
 Wallace, Professor Alfred, 133
 Walton, Sir John, 25
 War Aims, 66-69, 75
War Memoirs (David Lloyd George), 74
 War Trade Advisory Committee, 51, 52, 55, 56

War Trade Intelligence Department, 48, 50
Warfare by Words (Thomas), 73
 Wars—
 Balkan, 13
 Franco-German, 13, 23
 Russo-Japanese, 20, 23
 Russo-Turkish, 13
 South African, 16-19
 Spanish-American, 24
 First World, 7, 9, 13, 18, 35, 37-39, 57, 82, 110, 116, 130, 153, 162, 167
 Second World, 9, 37, 39, 42, 120
 Third World? 9
 Watson, Dr. Seton, 62
 Watson, Sir William, 4
 Webb, Sidney and Beatrice, 14, 143, 144
 Wedgwood, Lord, 153
 Welles, Sumner, 166
 Wells, H. G., 10-12, 30, 67, 69, 89, 90, 121, 122
 Wet, General Christian de, 19
 Whitley, John H., 98
 Wilberforce, Archdeacon, 133
 Williams, Sir John Fischer, 125
 Wilson, President Woodrow, 67, 68, 120
 Wilson, Sir Henry, 102
 Wolff-Metternich zur Gracht, Count Paul, 28, 35
World of Life (Wallace), 133
 Wynne, Sir Arthur, 18

 Younger, Mr. Justice (Lord Blanesburgh), 83, 84
 Younghusband, Sir Francis, 15, 16

 Zanzibar, 13
 Zimmer, Sir Alfred, 111

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